

OVERSEAS NEWS

Israel rejects Sadat plan but Dayan will attend talks

BY DAVID LENNON

TEL AVIV, July 9.

ISRAEL'S Cabinet today rejected the peace plan presented by Egypt last week but agreed to send Mr. Moshe Dayan, the Foreign Minister, to London for a two-day meeting next week with his Egyptian counterpart, Mr. Menachem Begin, the Prime Minister, said after the Cabinet meeting that the Egyptian proposals were completely unacceptable and could not form the basis for peace negotiations.

The Foreign Ministers' meeting, which was proposed by Washington and at which Mr. Cyrus Vance, the U.S. Secretary of State, will be chairman, is to take place on July 18 and 19.

The Cabinet decision to accept the American invitation was reached after nearly five hours of discussion. All the ministers were highly critical of Egypt's plan.

Despite serious reservations about the usefulness of the London meeting and fears that the U.S. might present or even try to impose their own proposals, the Cabinet felt that a refusal to participate would have harmed the country's image abroad.

The official communiqué after the Cabinet meeting said: "Mr. Dayan will present Israel's peace plan to the London conference with a view to resuming the work of the Egyptian-Israeli political committee." Egyptian representatives at the political committee meeting in Jerusalem in January were recalled by President Anwar Sadat on the second day.

One of the main tasks which the Cabinet is expecting Mr. Dayan to perform in London is to dissuade the U.S. from putting forward its own compromise proposals.

Israel differs sharply with Washington's concept of the issue. Israel's rejection of the Egyptian plan for the future of the West Bank and the Gaza Strip concentrates on Egyptian demands for a return to 1967 borders, the return of eastern Jerusalem to Arab sovereignty and the repatriation of the 1948 Palestinian refugees. The Government views all these propositions as totally unrealistic.

Jerusalem regards the Egyptian document as being only a proposal for Israeli withdrawal from the occupied territories and not a peace plan. Officials have described it as a hardening of Cairo's position especially on the Palestinian issue.

Reuter reports from Vienna: President Sadat and Mr. Shimon Peres, the Israeli Opposition leader, met here today for three and a half hours of what they called constructive talks. Both added that major differences remained.

The two men met first with Dr. Bruno Kreisky, the Austrian Chancellor, and Herr Willy Brandt, the former West German Chancellor. Mr. Sadat said afterwards: "It was a very happy meeting, which does not mean we agreed on everything."

Mr. Sadat said failure of the London conference might lead to a dangerous situation, but he did not favour an accord forced by Washington on both sides. "I do not want the U.S. to force anything on us or Israel. But it should act as a full partner so that whenever an impasse is reached the Americans could ease the situation."

Caradon plan for peace

BY OUR OWN CORRESPONDENT

AMMAN, July 9.

LORD CARADON has proposed a new plan for peace in the Middle East which he says will slowly win the approval of all the parties to the conflict.

On an interview with Jordanian television, Lord Caradon, a former British permanent representative at the UN, called for cessation of all violence; a halt to all Israeli settlements on Arab land; two years of UN trusteeship over the Gaza Strip and the Jordan West Bank; a boundary commission to settle legal borders; the return of eastern Jerusalem to Jordan without resolution 242.

Barriers between it and the Israeli sector; Palestinian self-determination within two years with a decision on a form of government and relations with neighbouring states; maximum international guarantees for Israel's security and all other concerned states with demilitarised zones and international forces to supervise the borders.

Lord Caradon, who stressed that he was speaking as a private citizen, said his seven points would be in addition to UN's resolution 242.

Cautious Jordanian support for Cairo

By Rami G. Khouri

AMMAN, July 9.

IN ITS first official reaction to President Anwar Sadat of Egypt's peace plan which calls for Jordanian administration of the West Bank for a five-year period, Jordan today called the plan "realistic, balanced and flexible" and implicitly supported the Egyptian approach to peace.

In a carefully worded statement issued to Egypt's official Middle East News Agency, Mr. Adnan Abu Odeh, Jordanian Minister of Information, described the Sadat peace plan as "a plan which realistically takes into consideration the various elements of dispute in the Middle East conflict," particularly in the Palestinian question.

The attitude as expressed in today's statement reflects Jordan's fundamental agreement with Mr. Sadat's proposals, but carefully avoids an outright endorsement that would make it appear as if Jordan wished to rush to regain control of the West Bank which it lost in 1967.

Several senior Jordanian officials who wished to remain anonymous today said that the Jordanian government was not prepared to accept the plan as a basis for negotiations. Mr. Sadat's proposals with the resolutions taken by the Arab summit meeting in Rabat in 1974—making the PLO sole legitimate representative of the Arab Bank Palestinians—would become smaller and less significant if Israel were to accept the principles embodied in the Sadat plan.

China hints at alternative means of increasing trade

CHINA WILL find means to expand its foreign trade despite a major report on the prospects for China's trade with the West, the Chinese Embassy in London said today.

The Chinese Embassy in London said today that the Chinese would welcome ideas and suggestions from the British side.

It is clear that at this point a number of different ideas for furthering trade between China and Europe are being considered, both in Peking and elsewhere. When the Trade Secretary, Mr. Edmund Dell, takes up his invitation to visit China in the second week of August, these topics will presumably be discussed.

Lord Bessborough, also speaking to the Fourth Eighth Group, in discussing China's relations with the EEC, pointed out that the Peking's drive for modernisation would require unique arrangements with Community companies.

Every possibility of extending trade was being examined, Mr. Chu said, and now was the time to put ideas into practice. The Chinese would welcome ideas and suggestions from the British side.

He feared that the trade agreement already signed between Japan and China might leave little room for European trade to grow, and noted that some Japanese believed their pact was a setback for the EEC.

For example, said Lord Bessborough, the Japanese agreement provides for continuous monitoring of trade performance statistics compiled by the Bank of China and the Bank of Tokyo, whereas EEC monitoring is confined to an annual meeting.

The EEC should do all it could to help Community companies in their efforts to establish contacts with the Chinese.

Brazil and Poland in \$340m agreement

RIO DE JANEIRO, July 9.

AFTER a year of negotiations, a consortium of Brazilian trading companies has signed a \$340m two-way trade agreement with nine Polish companies.

The deal—which marks a major advance in Brazil's attempts to diversify its export markets, and increase trade with the Comecon countries—involves \$20m of exports for Brazil—70 per cent of it textiles—and \$140m in imported Polish goods—mainly fertilisers and raw materials for the chemical industry.

The agreement was signed during the visit to Warsaw of a Brazilian mission led by the Minister of Trade and Industry, Bank and Export officials and private businessmen.

The Minas Gerais state electricity company (CEMIG) has now inaugurated its \$85m San Simão hydroelectric plant, adding 2,880 kW to the company's current generating capacity of 15,100 kW.

The data and plant were built by a consortium of the Brazilian C. R. Almeida group and Impregilo of Italy—the group that built the Bartha Dam on the Amazon in Brazil and a well as major dams in Iran, Ghana, Sudan, Nigeria and Turkey.

Financing for the San Simão scheme came from CEMIG's own resources, as well as a \$80m loan from the World Bank and suppliers' credits from the U.S., West Germany, Canada, France, Switzerland and Japan.

SHIPPING REPORT

Fortunes mixed for charterers

By Lynton McLean

MIXED FORTUNES greeted tanker and dry cargo ship charterers last week, with rates in the dry cargo sector falling more than those in oil trades. In the tanker market there was confidence that the very large crude carrier market could show a moderate increase in rates in the immediate future.

The hull expected in the oil tanker market for the early part of the week, a result of American Independence Day celebrations, was offset by rising activity from European charterers.

This had the effect of maintaining the improved trading conditions in the buoyant very large crude carrier market at Worldwide 25.75 for cargoes from the Gulf to the west.

Elsewhere the Mediterranean market continued to show poor conditions for charterers. The week ended with reports of some improvement in inquiries, but this has not been reflected in rates. A reported fixture for a 70,000 ton cargo from the Mediterranean to the U.S. Gulf was marked at Worldwide 42.5.

Weighted monthly averages for spot oil trade fixtures in June showed some improvement compared with May. John I. Jacobs and Company, London charterers said at the week-end.

Worldwide rates from the Gulf to the Far East rose from 35.7 in May to 48.1 in June. There were falls in the average spot rate on cargoes between the Gulf and the UK, down from Worldwide 19.5 to 18.4 and between the Mediterranean and the U.S. Atlantic Coast, where rates fell from 51 to 48.9.

In the dry cargo market, conditions were described as drab. Rates fell throughout the week, in a way expected during midsummer lull. Owners are grounded only reluctantly. There was continued congestion in the River Plate area, Lagos, Bombay, Alexandria and New Orleans. This helped to absorb surplus tonnage and did not raise rates to any great extent.

Swedish ship subsidies refused

BY WILLIAM DUFFLOR

STOCKHOLM, July 9.

SVENSKA VARV, the Swedish State shipbuilding company, has lost a SKr 350m (1976m) order because of a Government refusal to provide subsidies and credit guarantees. But it has succeeded in selling for export to Norway SKr 200m of the ships it has been building on its own account.

The lost order concerns two product carriers, which would have been built for the German yard in Landskrona for a new shipping company to be owned jointly by Svenska Varv and the Norwegian Schroeder company. In declining financial support, the Swedish Government said the risk was too heavy for the state.

In fact the Government has been pressed strongly to reject the request by the Norwegian Government, which has argued that the subsidies and guarantees contained in OECD rules.

The Norwegian attitude is estimated to have blocked so far orders valued at over SKr 1bn from going to Swedish yards.

Norway is having to reduce its own shipbuilding capacity and the labour Government in Oslo is not prepared to licence Norwegian shipbuilders to import ships built abroad with the help of subsidies, which it considers break the OECD limits.

Mr. Bengt Fink, director of the Swedish yard, said his position was now critical. But Svenska Varv has already been earmarked by the Ministry of Industry as one of the yards which will stop building ships and try to convert to other heavy engineering products.

In Rotterdam today Svenska Varv signed a contract with the Dutch shipping company Phs Van Ommen (Nederland) BV for the sale of three 44,500-ton carriers which it has been building on its own account. The total price is reported to be about SKr 200m.

Two of these vessels will be delivered next month from the Arendal yard in Gothenburg and the third during the second half of 1979 from the Oereund yard.

Charles Batchelor writes from Amsterdam: The new vessels for Van Ommen will operate under the Dutch flag and will replace older conventional bulk carriers. This is part of Van Ommen's long modernisation which has been going on for several years.

The vessels will have large hatches to enable them to carry containers, forestry products, piping and construction materials.

Their shallow draught and large hold capacity means they can also carry conventional bulk cargoes such as grain, coal and ore from smaller ports. Cargo capacity is 60,000 cu metres. The service speed is just above 15 knots.

Prime Minister's party voted back in Malaysian election

BY WONG SULONG

KUALA LUMPUR, July 9.

THE NATIONAL FRONT of Prime Minister Tun Hussein Onn has swept back to power in Malaysia's fifth general election, retaining control in the federal parliament, and all the 10 Malaysian states.

With results of 118 out of the 134 federal seats declared, the multi-racial Front has won 98 seats with the opposition taking only 20.

The results of the remaining 36 seats in East Malaysia will only be known in another two weeks because of sluggish polling, but the Front is expected to win most of them, as hardly any opposition candidates are running there.

All federal ministers, led by Datuk Hussein, were returned with huge majorities.

At the state level, the Front improved its position in all the state legislatures, including scoring a 100 per cent victory in Pahang, Terengganu and Perlis.

The biggest loser was the Party Islam—the Front's long time arch rival, which scraped

through with only five parliamentary seats, although it put up 88 candidates. In the last Parliament it held 13 seats.

The rout of the Party Islam was highlighted by the defeat of its president, Datuk Aeri, who is now expected to quit the party's leadership which he has held for 14 years.

The Democratic Action Party has emerged as the strongest opposition party, putting up a surprisingly strong performance by increasing its parliamentary representation from eight to 15.

Mitterrand buys a little time

By Robert Mauchner

PARIS, July 9.

THE FRENCH Socialist Party this weekend temporarily papered over internal quarrels about strategy, which have undermined the position of M. Francois Mitterrand as leader.

The executive agreed that the next national congress, at which M. Mitterrand is expected to come under strong pressure, should not be held as planned in May next year.

M. Pierre Mauroy, mayor of Lille and one of the most powerful figures in the party, had earlier suggested that the congress should be held in autumn so that a clear decision on party policy could be taken.

Although M. Mitterrand managed to avert an explosion within the party, by appealing for unity and for a compromise agreement between different factions, no one believes that he has done more than buy a little time.

The main opposition to M. Mitterrand's policies comes from M. Mauroy, until recently one of his closest lieutenants, and from M. Michel Rocard. Both oppose any new pact with the Communists and want the party to adopt a more Social Democratic line.

Davies says Salisbury settlement could work

FINANCIAL TIMES REPORTER

MR. JOHN DAVIES, Shadow Foreign Secretary, said yesterday that the Rhodesian internal settlement might just work. He was speaking at Heathrow airport, London after returning from a seven-day visit to southern Africa.

During his tour he met Mr. Ian Smith, the Rhodesian Prime Minister, President Kenneth Kaunda of Zambia and the Patriotic Front leader Mr. Joshua Nkomo. Mr. Davies said: "I now have to make a decision on whether the internal settlement is possible."

"Judging by what I have heard over the past week I think it just might be possible. It is going to be a very delicate job but if they are determined to convince people in and out of Rhodesia that the internal settlement can work then it just might."

SWAPO in Luanda talks

BY JOHN STEWART

CAPE TOWN, July 9.

The Western sponsors of the Namibian settlement proposals meet leaders of the South West Africa People's Organisation in the Angolan capital, Luanda, tomorrow in what Western diplomats hope will be the final stages of 15 months of difficult diplomacy.

In contrast with the last occasion, in early May, when SWAPO announced its acceptance of Western settlement proposals but broke off New York talks when South African troops raided SWAPO camps in Angola, conditions for tomorrow's meeting appear promising.

In response to Western requests two members of SWAPO's

Pertini sworn in as Italy's President

By Dominick J. Coyle

ROME, July 9.

SIGNOR SANDRO PERTINI, 81, was sworn into office in a colourful ceremony before the Italian Electoral College today finally becoming an almost unanimous choice for President of the Republic after 15 inconclusive ballots.

The veteran Socialist, a former Speaker of the Chamber of Deputies, became virtually an automatic choice for the presidency when both the ruling Christian Democrats (DC) and the powerful Communists (PTI) signalled that Sig. Pertini would be acceptable as a compromise candidate after the main parties had successfully dropped each other's favourite choices.

The near unanimity behind Sig. Pertini—he was elected finally yesterday morning with the backing of more than four-fifths of the Electoral College—reflected the existing Government alliance.

Firestone tyre recall sought

WASHINGTON, July 9.

THE U.S. Department of Transportation has called on the Firestone Tire and Rubber Company to recall voluntarily 1.5m steel-belted radial tyres because of safety defects.

The recall, requested yesterday, if ordered by the Department would probably be the largest of its kind ever. A spokesman for Firestone said: "We do not believe the proposed recall is justified."

The Department of Transportation said preliminary findings showed that a safety-related defect existed in Firestone 500 steel-belted radial tyres. Reports from consumers alleged more than 15,000 tyre failures, 28 deaths, more than 50 injuries and hundreds of accidents.

SCOTCH WHISKY EXPORTS

Seagram seen as key to US markets

BY KENNETH GOODING

SCOTTISH STOCKBROKERS Wood Mackenzie have just produced a major report on the prospects for Scotch in the U.S. They have arrived at the following conclusions:

• Scotch whisky sales in the U.S. will grow by only 1 to 2 per cent a year for the next five years compared with the 10 per cent seen until the early 1970s.

• On average the four best-selling standard Scotches, namely J and B, Rare, Cutty and Dewar's, will experience a 1 per cent a year decline over the five-year period.

• "Premium" Scotches, such as Chivas Regal and Haig "Pinch" (Dimple in other markets), can expect a 5 to 6 per cent growth in U.S. sales in the past ten years.

• Whiskies which have been 5 per cent a year for some time, will continue at more or less the same pace.

The brokers point out that the prospects for Scotch are very much bound up with the new management and policies at Seagram Corporation, the world's biggest drinks group.

By coincidence, Mr. Philip Beekman, the ex-Colgate Palmolive executive who is Seagram's new president, is in London while on a European business tour. He said: "I wouldn't disagree with any of that," when I told him about the brokers' forecasts.

Seagram is, of course, heavily involved in all whisky sectors but most heavily in U.S. whiskies. Mr. Beekman believes Seagram can find new drinks products to help fill the gap being created by the drop in sales of U.S. Distillers Company, the biggest Scotch whisky producer, in the U.S.

Prices of some leading Seagram brands will be lifted 5 to 6 per cent this financial year and the policy continued longer term to help finance the search and launch of new products. This compares with an increase in U.S. spirits prices of only 1.5 per cent in the past ten years.

Mr. Beekman told me: "In the past Seagram did not give new products enough time to prove themselves." Harking back to his days with Colgate he recalled: "Crest toothpaste lost money for 12 years before it broke through and recouped all the losses in one year."

He added: "I believe we can make our new policies stick. But will be affected."

We won't be able to judge for two or three years whether they have been successful."

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The U.S. is by far the largest market in the world for Scotch accounting last year for more than 30 per cent of world sales. Diathers Company (DCL) has pushed up its share of the total U.S. Scotch sales from 35 per cent to around 40 per cent since 1975 and it "should be capable of holding that," says Mr. Beekman.

He adds that DCL can also be expected to maintain its 47 per cent of world Scotch whisky sales.

He is bound to stir up controversy in the industry with his comments on the four best-selling, money-making brands which so far have dominated the American market. "They were the star performers of the 1960s but they have run their course," he insists.

More specifically, he suggests that Johnnie Walker Red, a DCL brand, and J and B Rare, owned ultimately by the Grand Metropolitan group, face a better future than Dewar's, another DCL product, and Cutty Sark, the brand in which Highland Distillers and the privately-owned Berry Bros. and Rudd share an interest.

Bangladesh-Burma refugee accord

Dacca, July 9.

BANGLADESH and Burma today reached agreement on the repatriation of all Burmese refugees from Bangladesh, starting before the end of August.

The estimated 200,000 refugees who have flooded into the latter country over the past four months were allegedly driven from their homes at gunpoint by Burmese troops in a concerted campaign against the country's Muslim minority.

BOLIVIAN PRESIDENTIAL ELECTION

Opposition claim irregularities

LA PAZ, July 9.

TWO MILLION Bolivians began voting today in the country's first general election for 12 years to choose a successor to the military government of General Hugo Banzer.

Voting is taking place after a series of allegations by the opposition of electoral irregularities.

Queues began forming at polling stations in the capital long before the start of the vote at 8 a.m. Polling stations were due to close at 4 p.m. and the first results should be known two hours later.

Final computed results will not be announced until the end of the month.

Voters have seven presidential candidates to choose from, ranging from the far left to the far right, and including an Indian nationalist.

The latest opinion polls gave the largest vote to the armed forces-backed candidate Sr. Juan Pereda Aschun, who appeared likely to top the poll with or without the use of the alleged electoral fraud of which the opposition has accused him.

The country was at a standstill today with all internal and international travel suspended.

Earlier today opposition party officials said that troops had occupied rural areas of southern Tarija province.

The allegations came from

regional officials of the opposition centrist Revolutionary Nationalist Movement (MNR), which backs former president Dr. Victor Paz Estenssoro.

The officials asked their party headquarters in La Paz for an international observer to be sent urgently to Tarija. MNR sources said that under electoral law all troops should be confined to barracks.

The ruling military government has denied all charges of electoral irregularities, saying that left-wingers planned to use violence to disrupt the voting, which is compulsory for all adults between 21 and 60.

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Aerospace industry hopes plans will be clarified today

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MANY IN the UK aerospace industry are hoping that the Government will give further details of its plans for the long-term future of the industry during today's aerospace debate in the Commons.

Even if the Government is not able yet to take some of the various decisions outstanding on a number of new programmes, considerable pressure is likely from all sides of the House for an early end to the growing frustration in the industry, and to the fears of rising unemployment.

While it is accepted that the major long-term strategic decision, on whether or not to join with Europe or the U.S. on new short-to-medium haul civil jet programmes for the 1980s, is still some way from a decision, feeling is growing that some of the other decisions could quite easily be taken now, so as to clear the decks for calmer consideration of the bigger issue.

These other matters include a start on the HS-146 feeder-liner, a decision on either Boeing 737 or British One-Eleven jets for British Airways, and a limited authorisation to Rolls-Royce to spend more development cash on the Dash 535 version of the RB-211 engine.

A decision on the £200m HS-146 feeder-liner programme is becoming a matter of great urgency to British Aerospace, both from the view of meeting foreign airline demand for such a jet, and to help maintain employment levels at factories such as Hatfield, where the civil workload has been running down fast.

This point is believed to have been made strongly by Lord Bewick, chairman of British Aerospace, at a top-level meeting of civil servants last Friday.

'On ice'

While some work on the HS-146 has been undertaken on Government cash aid in the past few years, since the project was put on ice in 1974, the view in the industry is now that a full go-ahead can and should be authorised, without in any way interfering with other project decisions.

Especially at Hatfield, where final assembly and flight test of the HS-146 would be undertaken, there is an urgent need for new ventures. The big assembly hall where Trident jets have been built for years is now empty, with the last Trident for China out on the airfield for flight test prior to delivery.

So far as the £250m Dash 535

Compromise

It seems likely that either a compromise decision will eventually be reached, with British Airways being allowed to buy some 737s and One-Elevens, or that it will be allowed to have all 19 737s, with British Aerospace getting the HS-146 to compensate for the loss of One-Eleven work.

None of these decisions directly affects the long-term strategic issue of whether the UK rejoins Airbus Industrie and helps to develop the new R-10 aircraft, formally announced last week with orders from several European airlines, or whether Britain accepts an offer to help with development of the proposed new Boeing 737 jet or joins a venture with McDonnell Douglas of the U.S.

It is recognised in the industry that this is a decision of extreme complexity and political delicacy, which cannot be hurried.

Most people in the industry, both in management and on the shop floor, do not see why the other decisions should be held back while the Government considers the bigger issue, when favourable decisions could do much to boost the industry's flagging morale on the civil side.

Employment laws 'not restrictive'

GIVING SOMEONE the sack did not mean that the employer was "automatically taken to the cleaners for compensation," Mr. Harold Walker, Minister of State for Employment, said yesterday.

"There is a great deal of nonsense talked about employment legislation preventing businessmen, particularly in small businesses, from recruiting because if they have to sack someone it invariably leads to an industrial tribunal case."

"Let us get this in perspective. The chances of a small employer facing a case of unfair dismissal in any one year is about one in 1,000. The chances of him being required to pay compensation after a tribunal hearing is even smaller, at about one in 1,000."

"With the thousands of dismissals that take place every year, the vast majority of employers who use their common sense and practise good industrial relations do not end up in industrial tribunals."

Mr. Walker, in his Doncaster constituency, said that

recently published research had helped put paid to the myths about the effects of employment legislation on larger manufacturing concerns—those employing between 50 and 5,000.

The research, conducted by the Policy Studies Institute, had shown that managers did not find that employment legislation stopped them from shedding labour. It did not stop them from recruiting people either, and there was little sign that it was inhibiting industrial recovery.

"Contrary to what a small minority would have us believe, most British managers are not too worried by employment legislation. Already, many operate standards above those set out in the legislation."

"Elsewhere the greater effect of the legislation is to encourage reformed practices and procedures—surely no bad thing. So perhaps the pedlars of gloom and doom would do us all a favour and concentrate their inventiveness on putting Britain back on top."

Motor caravan market 20% up this year

FINANCIAL TIMES REPORTER

THE MOTOR caravan market in Britain has risen by more than 20 per cent this year after a four-year spell of declining and stagnant sales.

According to Devon Conversions, one of the main companies in the field, May and June sales figures are the highest since 1973 when the British motor industry achieved its best performance.

Devon, part of the Renwick Group, has sold 600 vehicles during the first six months of this year, and has an order book for another 300.

At the same time, the company is proposing to expand its work, with a new factory at Exeter, where it builds its 15-seater bus, if sales continue to grow.

Italy (up 39 per cent) and the Netherlands (up 31 per cent). The only EEC country to show a reduction was France—down 27 per cent.

The increase halts the downward trend in the number of foreign arrivals—excluding Commonwealth citizens—which has continued since November, but that, bearing in mind the early date of Easter, it is unlikely that there has been an overall increase in the number of visitors.

The figures, released by the department and the British Tourist Authority yesterday, show that arrivals for the first quarter of the year totalled 1,338,000—an increase of 1 per cent over the corresponding period of last year.

Arrivals from the EEC were 482,000, up 14 per cent on March 1977 and a marked contrast to the figures for the preceding four months. The largest increases were from Germany (up 44 per cent),

More powers urged for Bank Governor

BY MICHAEL BLANDEN

STRONGER POWERS for the Governor of the Bank of England to enforce monetary policy, and move to bring the pound into a European joint currency arrangement, are suggested in a paper published today by the Association of British Chambers of Commerce.

The paper, *Return to Financial Stability*, has been produced by the association's economic and industrial committee under the chairmanship of Mr. Nigel Mobbs.

It said that "one of the major problems facing Britain today is the absence of an automatic control on Government which forces action to maintain a stable currency."

There were two problems to be solved, the financial problem of determining the policy to adopt and the political problem of ensuring that governments did not break the financial constraints necessary for long-term prosperity.

The Governor's position should be strengthened by maintenance of the value of the currency and discharging international obligations.

To support this role constitutional reforms should be introduced to safeguard the Governor's position.

He could be made answerable to a Commons select committee headed, like the Public Accounts Committee, by a senior member of the Opposition. He should not be dismissed without consent of both Houses of Parliament.

Any Government with a majority in the Commons would then still be able to pursue its policies, but "all these measures are suggested to ensure that the Government breaches financial restraints, then uproot will ensue."

Further proof of the strong revival of interest in the future for coal mining comes today in a £945,000 purchase by Booker McConnell, one of Britain's leading mining equipment manufacturers.

Booker is taking over the whole of a private company, Pitcraft Summit, which designs and manufactures underground mining equipment, and in which the National Enterprise Board has a 20.4 per cent stake.

The deal comes at a time when the National Coal Board is studying a £200m investment programme for the late 1980s in new collieries and when it has already announced its intention to spend £200m on a new large hydraulic power roof

supports, for which Booker is a main supplier.

It is Booker's second acquisition in this area in three months. In April, it bought 50m of a third share in a Chicago-based mining engineering manufacturer, Goodman Equipment Corporation.

Confidence The later purchase not only underlines Booker's confidence in the coal industry, but highlights the role of the Enterprise Board in assisting Pitcraft Summit to this point in its development.

The role has been a model of the Board's new philosophy of investing in companies with a real future. In July last year it bought a 20.4 per cent stake in Pitcraft, as well as preference

shares, for £486,700 and supplied the company with a short-term loan facility.

The effect was a doubling of sales to £3m this year. In addition, Pitcraft was able to make progress on new developments.

Now the Enterprise Board will get £570,000 plus repayment of its loan and Booker will absorb Pitcraft into its Fletcher Sutcliffe Wild subsidiary, which is the largest supplier of mining conveyors to the Coal Board, while keeping the former owner, Mr. G. R. O. Penhith, as chairman.

Fletcher Sutcliffe Wild had sales of £15.5m last year and employs 850 people. Pitcraft employs 180.

THE LABOUR Party was urged at the weekend to commit itself to scrapping private education in its forthcoming General Election manifesto.

The demand came from Mr. Pat Fathers, chairman of the Socialist Educational Association, at its annual conference at Wokingham, Berkshire.

Mr. Fathers, deputy head of Barnsey Comprehensive School, Yorkshire, said that the manifesto should include a commitment to abolish private schooling within the lifetime of the next Labour Government.

The final abolition of selection was a necessary preliminary towards establishing a fully comprehensive schooling.

"This means more than whipping a few recalcitrant authorities into line. It means the ending of private schooling and the removal of selection within schools as well as between schools."

Mr. Fathers' later criticised the Government for its often "half-hearted and at best lukewarm approach to comprehensive education."

At Ash, Kent, Mr. Christopher Kirch, headmaster of Wootton House, a fee-paying co-educational preparatory school, demanded that children of fee-paying parents should be entitled to subsidised school milk. They should also be eligible for the proposed mandatory grants for 16-18-year-olds in the same way as State school children.

Why should parents have to pay twice for education?" he asked during a speech-day address.

Parents who paid for private education should also be able to make their contributions tax deductible, as in the U.S.

Call for election pledge to scrap private education

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

MORE GOVERNMENT aid to improve insulation standards in homes is urged in a document submitted to Ministers by the Federation of Master Builders.

The federation has welcomed the recent Homes Insulation Bill, which will provide grants for certain types of insulation work, but says that the Government must consider further action.

Last week, the Association of British Manufacturers of Mineral Insulating Fibres said that better insulation in houses would lead to "massive" energy savings and that it should be considered as "a fifth indigenous fuel."

Insulation standards, it said, were last reviewed for domestic dwellings in 1975 and it suggested proposals which could save the nation more than £70m a year.

According to the federation, the Homes Insulation Bill will make a "significant contribution to fuel economy and domestic comfort," but much more could be achieved if the Government took "a broader view" of aided thermal insulation work.

The federation says that the Government's annual expenditure of £15m to cover the cost of grants for insulating roof spaces and lagging tanks. It would, therefore, take more than 10 years to carry out the full insulation programme alone.

The document asks: "If the conservation of energy stocks is a matter of urgency, is this considered an adequate response, particularly in view of the Government's own view that energy costs might rise by 50 per cent in real terms over that period?"

The federation calls for a speedier loft insulation programme, additional grants for cavity wall insulation, and an alternative to grants.

Building societies should also be required to top up a mortgage where the buyer specified high thermal insulation standards.

A "NO RAIN" guarantee is being offered by John Hill Travel, of London, on its foreign holidays. In a bid to attract customers disillusioned by the British weather, it is offering cash payments to holidaymakers in the event of a heavy shower.

Under the scheme, visitors will be paid £10 for each day it rains more than 1 mm—the amount of an average shower—in daylight hours.

"So many people have been caught by the appalling weather in Britain that we thought this would make them more confident about booking holidays," Mr. Tony Ward, director of John Hill Travel, said.

THE PLIGHT of the 300,000 single women who may sacrifice their own ambitions to look after elderly and infirm parents is dealt with today in a report from the National Council for the Single Woman and Her Dependents.

The report, marking the beginning of National Dependence Week, claims that many single women who remain at home to care for

elderly relatives live below the poverty line and grow so lonely and cut off that they eventually become ill.

"It is also a world in which most of these devoted women would suffer more than admit to their problems or seek financial and other help."

The research shows that more than half the women in the sample studied could not go out to work because of their caring role at home, leading to financial hardship, as well as

Industrial development certificate 'should be abolished'

By Michael Cassell, Building Correspondent

INDUSTRIAL DEVELOPMENT certificates should be abolished, at least for a trial period, according to the British Property Federation.

As part of its continuing campaign to achieve simplification of the planning system and planning procedures, the Federation has sent a 4,000 word memorandum to Mr. Peter Shore, Secretary for the Environment, setting out its proposals.

It expresses disappointment with the recent White Paper on planning procedures and outlines

More Home News on Pages 30, 31

several areas where it believes improvement must be made.

While many changes in the development control system were necessary, said the Federation, the training, professional outlook, organisation and managerial ability of those who operated the system formed the most crucial factor in determining the success and quality of planning decisions at local authority level.

Need for speed Planning delays formed the single biggest obstacle in the development process, and methods of ensuring smooth and speedy planning machinery were now essential.

Too often minor applications were subjected to an excessive amount of consultation and too much time was taken to resolve many appeals.

The responsibilities of each tier of local government should be clarified, thus removing "the overlapping, friction and demarcation disputes which add to delays."

The federation questions the relevance of industrial development certification and office development permits in view of the introduction of structure and local plans, and says that local authorities should be able to consider any application requiring these certificates before they are granted.

Jay accused of Labour propaganda bid in U.S.

A TORY MP yesterday accused Mr. Peter Jay, British Ambassador in Washington, of trying to transform the British Information Service office in New York into a Labour Party propaganda unit.

Mr. Robert Adley, MP for Christchurch and Lynton, is in question Dr. David Owen, Foreign Secretary, in the Commons about the announcement that Mr. Laurence O'Keefe, head of the service in New York, is to be removed this year only halfway through what was expected to be a four-year term.

There have been growing differences between him and Mr. Jay about the role and scope of the service's information effort in the U.S.

"The arrogant Mr. Jay is seeking to turn the office of the British Information Service in New York into a unit of Labour Party propaganda by trying to get the staff at the office to be all people who share his political views."

"He is seeking to censor news from Britain, having failed, he turns his venom on the head of the office. He must be made aware of the Employment Protection Act."

Labour picks barrister at Anglesey

MR. ELYSTAN MORGAN, a barrister and former Junior Minister at the Home Office, was adopted this weekend as prospective Labour Parliamentary candidate for Anglesey at the next general election.

His nomination came after the decision of Mr. Cledwyn Hughes, chairman of the Parliamentary Labour Party, not to contest the next election after 27 years as Anglesey's MP.

Mr. Morgan represented Cardigan for eight years before losing the seat in the Liberals in February 1974.

At the last General Election in October 1974, Mr. Cledwyn Hughes had a majority of 5,972 or 17.8 per cent over the Conservative candidate.

isolation and inability to pursue a career of their own. The report says that there should be protection of employment for a specified period for people who have to suspend their career to look after the elderly or infirm.

The invalid care allowance should be increased from £10.50 a week to at least the level of unemployment benefit, and continued for "an adjustment period" after the death of the dependant.

'Co-operate in pay negotiations,' civil servants told

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions should co-operate closely in formulating and negotiating pay claims in the next round, Mr. Bill McCull, general secretary of the Institution of Professional Civil Servants, said yesterday.

Any policy the Government might draw up which made no provision for correcting anomalies built up in the last three years of wage restraint would be "quite unacceptable" to the majority of trade unions, he said.

The Civil Service unions form a large group of workers which could make trouble for the Government in the next round. Resentment is high about the 10 per cent settlement under Phase Three, when claims of between 13 and 24 per cent were presented, and at the last-minute refusal of the Government to pay the settlement to workers in "fringe" bodies whose pay is usually associated with the Civil Service.

Mr. McCull, writing in his union journal, made a plea to other Civil Service unions to face the "formidable difficulties" of the next pay review for the service together. Co-operation

this year, except for the final stages of the settlement was "noticeably at its worst."

The fringe bodies at the centre of the hitch to the 1978 settlement should, if their pay and grading arrangements were in line with those in the Civil Service, come formally under the National Whitley Council, the joint body of employers and unions for the service.

The anomalies tolerated for three years under incomes policies must now be corrected. The differentials claims for the Professional and Technology Category of the Institution of Professional Civil Servants members should be acted upon as soon as possible. If not, the union would go to arbitration or take industrial action.

Members of the largest Civil Service union, the Civil and Public Services Association, will hold a strike today at some unemployment benefit offices in protest at the Government plan to cut unemployment benefit scheme to pay unemployment benefit fortnightly instead of weekly. The union believes that fortnightly payments would mean the loss of 1,000 jobs.

Make a right of day release, say teachers

BY OUR LABOUR STAFF

THE National Union of Teachers yesterday decided to press the TUC to call for legal entitlement to day release from work for all young people aged between 16 and 18 and the right to six weeks' paid leave a year to attend job courses for workers between 16 and 20.

The union's executive, meeting in London, decided to submit two motions to the TUC Congress in September—welcoming the Government's attempts to minimise youth unemployment but calling for a co-ordinated approach to education and training; full-time schooling or further education, or unemployment.

As to implementation of the Health and Safety at Work Act, the union will press for full provisions without compensatory savings in the services concerned.

Telephone engineers hold half-day strike

BY OUR LABOUR STAFF

POST OFFICE engineers in London will hold a half-day strike and a mass rally tomorrow in support of their claim for a 35-hour working week.

The 30,000 engineers are members of the Post Office Engineering Workers' Union, which has been involved in a dispute over shorter hours since November.

Television coverage of the Open Golf championships starting at St. Andrews, Scotland, this week is likely to be affected by the dispute.

The engineers are banning overtime and the installation of new equipment. Cables for transmitting of the golf event will not be laid by the engineers. Broadcasting of the championships will also be affected by whether members of the Association of Broadcasting Staffs continue to give their support to the dispute.

Power plant goes back to work after 18 weeks

A STRIKE over bonuses at the Inve power plant near Ellesmere Port in Cheshire, ends this morning after 18 weeks, when 280 men from the contractors, C. A. Parsons, return to work.

The project for the Central Electricity Generating Board—already three years behind schedule. The initial estimate of its cost has increased by £130m to £230m.

The peace formula was reached by officials of the various unions and the shop stewards so that negotiations over the bonus issue could be resumed.

The plant has been plagued with other strikes, too. Talks are also taking place this week at the Inland Revenue office at Bontle, where a strike has been in progress for six weeks over pay.

Steel jobs cut

THE BRITISH Steel Corporation is to make 150 redundant at its Consett, Co. Durham, works because of a drop in world demand. The men make heat resistant materials for linings blast furnaces.

accelerate to Saturday's motoring page

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Contact Simon Hicks at the Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Tel: 01-248 5145

FINANCIAL TIMES ON SATURDAY—THE FIRST OF THE SUNDAYS

Building and Civil Engineering

Trollope & Colls on home ground £4½m Crown House contracts

A MULTI-MILLION pound contract for the reconstruction of 24 Lombard Street in the City of London has been negotiated by Trollope & Colls which is to develop the site for the Royal Bank of Scotland.

When completed, a total gross area of 11,000 square metres of offices will be provided on ten levels.

Said to be a technically compli-

ated construction, the work entails the retention of most of the existing facade, part of which is to be dismantled, stored and replaced. A 90-year-old infill building will also be dismantled and rebuilt as part of the contract which, overall, is scheduled for completion in February 1982.

With the exception of the existing building, the entire structure is to be demolished and rebuilt on small and large bore piles to support a complex steel

and reinforced concrete composite frame, and one section of the site is to be excavated to provide a sub-basement overall.

The fully air-conditioned offices will include a new banking hall, dining facilities, kitchen and even a bar.

Part of the existing building represents one of the earliest examples of steel frame construction and was originally built by Trollope & Colls which this year is celebrating its bicentenary.

£13m glass fibre plant

CEMENTATION Projects is to act as managing contractor for the design and construction of Project Fenix, a £13m factory, warehouse and office complex on a 22-acre greenfield site at Runnymede, Cheshire, for BFB Industries.

Work is to start next month and be completed at the end of next year. Plant will be commissioned early in 1980, and will have an annual production capacity of 14,000 tons of glass fibre insulation.

Preliminary work of moving overhead electricity pylons has been completed and a permanent roundabout road access is currently being built by Runnymede Development Corporation which has leased the site to BFB Industries. The BFB operating company at the plant will be Gyrco Glass Fibre Insulation.

Architects for this project are Hubbard Ford and Partners.

£3½m task in Cyprus for Costain

AN IRRIGATION network for the province of Paphos in the south west corner of Cyprus has been planned by the Ministry of Agriculture and Natural Resources, Republic of Cyprus, which has awarded a £3.5m contract to Costain Civil Engineering for this project.

The work involves the construction of 14 pumping stations and laying 21 kilometres of pipeline ranging in diameter from 400 to 900 mm, together with a remote monitoring system which will ensure a constant water supply for specific agricultural needs.

The average size of the pumping stations will be 18 metres by 10 metres by 8 metres high and

£6m works to Gleeson

LARGEST AMONG the five contracts worth a total of £6m won by Gleeson Civil Engineering is one awarded by the National Coal Board (NCB) to construct the tunnel of £3m and covering the Ellerslie site near Adlington, Chorley, Lancs.

Some 280,000 tonnes of coal are to be extracted over 24 years and the site restored after the seam has been exhausted.

Northern Counties Housing Association has let a job worth £1.3m for 116 flats in Herries Road, Sheffield with a contract period of 91 weeks, starting shortly.

At Elf Mill, Stockport, 90 dwellings are to be erected for Metropolitan Borough of Stockport under a 78 week contract worth over £200,000.

Alfreton, Derbyshire, is the site of the next operation on the list—an advance factory worth £400,000. Land and House Property Corporation is the client. Work has started and the contract period is six months.

A road contract comes at the end with a total value of £318,000. It is the Whitechapel Improvement, Stage III on the Carlisle-Sunderland trunk road, the A69, Northumberland County Council is the client and work should be completed in January 1979.

Restoration of a canal in Nepal

THE GOVERNMENT of Nepal has appointed Sir M. MacDonald and Partners to provide technical assistance in the restoration of the Chitra Main Canal, which is

vital to the effective operation of the Sunsar-Nagar irrigation Project, the largest existing irrigation system in the mountain kingdom of Nepal, north of India.

The 53 kilometre canal was designed to aid irrigation of 66,000 hectares in Nepal's Eastern Terai, a plain below the Himalayan foothills, but since the early '70s the canal and its structure have deteriorated and remedial measures are urgently required.

The assignment, financed under an agreement with the International Development Association of the World Bank, comprises survey, investigation, detailed design and the preparation of contract documents.

Work has already started and is due for completion early next year. The cost of the restoration work will not be known until the engineers have finalised their investigations, but the I.D.A. has already granted Nepal a £30m loan for the restoration and development of the Chitra Main Canal and its project area.

McAlpine to build jetty

CONSTRUCTION of a 180-metre-long jetty at the Kyle of Lochalsh in the Northwest Highlands of Scotland is to be undertaken by Sir Robert McAlpine and Sons for the Property Services Agency.

The jetty will be capable of handling ships of 6,000 tons for the British Underwater Test and Evaluation Centre. It will consist of a straight 180-metre pier with a 100-metre approach pier and a 100-metre approach pier.

Work is now starting and is due for completion in mid-1980. Architectural design is by the Rutch Hall Blyth Partnership, quantity surveys are by Wilkinson and Lowe and the consulting engineers are Blyth and Blyth.

£2½m for Bovis in the South

BOVIS CIVIL Engineering has secured a contract worth £2½m for the design and construction of a new 18,000 people is being built.

The company is already working on four other contracts at this location.

Awarded by Wokingham District Council, acting as agent for the Thames Water Authority, this contract involves the laying of 8.5 kilometres of 1,000 mm diameter pipe, together with the installation of precast concrete culverts and all necessary manholes, and is scheduled for completion in 12 months.

The company, a subsidiary of the P and O group, is currently engaged on four other contracts at Lower Earley for clients including Associated Dairies and Berkshire County Council.

The London Borough of Camden has awarded a contract at around £1.3m for a 3-storey residential block to be built off the Tottenham Court Road in association with the new EMU centre development. The building, which will have a 3-storey car park, will provide homes for 150 people in the form of 57 two-bedroom flats and 5 three-bedroom flats.

Standards are raised for bridges

FOLLOWING TEN years of intensive effort in the British Standards Institution, working closely with some 300 leading engineers, research workers and academics from the UK and abroad, Britain will have one of the most advanced bridge building standards devised.

The new code, BS5400—Steel, Concrete and Composite Bridges—which represents a totally new approach to bridge design now to be adopted by many countries.

BS5400 is among the first national bridge standards in the world to be based entirely on the "limit state" principle, and its prime aim is to establish that its design requirements throughout its planned life span—i.e. that it will not reach the selected ultimate limit state. This in itself is a fundamental departure from the earlier standard which was limited to steel bridges with simply supported spans not exceeding 300 feet, whereas the new recommendations cover various types of bridges and materials.

Intended essentially for use by chartered specialist engineers

who need to know the logic behind the clauses in order to interpret them intelligently for a particular application, BS5400 will be published in ten parts to combine wide range of practice with precise specifications covering loads, materials and workmanship.

It is said to be undoubtedly complex—but there seems little prospect of ever achieving a "simple" standard in this field, although many attempts have been made.

Part 1, 2, 4, 7 and 8 already published, are the first BS documents to deal exclusively with the design and construction of concrete bridges. Other parts to be published this year will include sections on the code of practice for design of composite bridges, materials and workmanship, steel, code of practice for design of steel bridges, and, finally, code of practice for bridges.

Orders and inquiries to BS Sales Department, 101 Pentonville Road, London N1 9ND.

Hong Kong traffic study

THE HONG KONG Public Works Department has commissioned Halcyon Fox and Associates to advise on a comprehensive scheme for integrating the city's public transport (bus and cross-harbour ferries) with the new Mass Transit Railway, due to open in September 1979 and the electrified Kowloon to Canton Railway.

The initial phase of the Mass Transit Railway is expected to carry over 1m passengers daily by 1981. Halcyon Fox and Associates task will be to produce a plan to merge the new rail facilities into the public transport system with appropriate interchange and service links.

Halcyon Fox has also been appointed to undertake a World Bank-financed study in Upper Aita to assess the economic benefits of new feeder routes in areas stricken by drought. Another recent Halcyon Fox project involves participation in the Asian Development Bank for the Chittagong Hill Tracts of Bangladesh.

There new methods of farming and land settlement are being introduced to replace traditional "slash-and-burn" cultivation on forested slopes.

Extensions for Ford

TILBURY CONSTRUCTION has been awarded a contract worth over £500,000 by Ford of Europe Inc. for extensions on a 45-acre site at Dagenham, Essex.

Work began on the buildings including a six-bay exten-

sion covering an area of 850 square metres and a 900 square metre extension to the press shop. The contract is scheduled to be completed by mid-February 1979.

The consulting engineers are Messrs Pelli Frischmann and Partners of London, W1.

Products for the trade

ONE OF the leading companies in the do-it-yourself market, Poysell, has decided to enter the professional arena.

A new division, catering for the decorating and building trades, has been set up and will operate from Poysell's Welwyn Garden City, Herts, headquarters.

First products to be offered are Poysell Trade which is described as a flexible self-sealing treatment for renovating and decorating internal walls and ceilings and a double glazing system which will be available in 1979 for horizontal casement and vertical sash windows. Glass is not supplied with the system which is made up from rigid PVC tracks and glass carriers plus wall plugs, screws and handles.

Both products will be supplied through glass, builders' or decorators' merchants. Poysell is a subsidiary of Reed International.

Link in Saudi Arabia

A JOINT company to be known as the Arabian Aero Survey Company has been formed by Hunting Surveys and the Bin Laden Brothers organisation of Jeddah, Saudi Arabia.

The new company will offer by means of its own aircraft an air photography service not only in Saudi Arabia but throughout the Arab world. It will also give a full range of shipping services aimed at development projects in these markets.

The office will be in Riyadh, PO Box No 8079.

Opencast mine

AN AGREEMENT with the Ministry of Agriculture and Fisheries will enable Northern Strip Mining, a subsidiary of Burnell and Halliwell, to work 500,000 tons of coal by opencast methods in the Forest of Dean, Glou.

The work will commence later this year and should be completed by the autumn of 1981. Up to 100 people are to be employed on the site.

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Cubitts tops £5m in New Zealand

THE MAJOR CONTRACT awarded to Cubitts (New Zealand) is for a £5.2m 14-storey reinforced concrete building to be the first stage of a new sports complex at Paraparaumu College, near Wellington. The accommodation includes a gymnasium and changing facilities.

Under a third contract commenced during the past few weeks, the company will build 1,300 square metres of light industrial factory at Baxters Grant for the Llanne Trust, Manurewa.

Two major orders in excess of £1m have been gained by Woods Construction for projects in the company's Sussex home town Hastings.

Work has already commenced on 81 flats at Fishburn Road, St. Leonards-on-Sea, for Oxford General Housing Association. Valued at around £700,000, the work will be in the form of 2 and 3 storey blocks of residential flats to be completed within 78 weeks.

A new unit factory, worth £300,000, on the Lashburn Industrial Estate will be the third built by the company on this site. Work will start within the next month and will be completed within a year.

IN BRIEF

Wich Construction, which is based in Falkirk, will build an extension to Seafar House, Cambernald, the residential hotel for the nearby South of Scotland Electricity Board training centre, under a £1m contract from the SSEB.

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Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

PROCESSES

Magnetic separation of minerals

CRYOGENIC magnet development 35,000 gauss is being used by the Royal School of Mines (Imperial College) in a joint programme with Cryogenic Consultants of Aston to develop a new kind of magnetic separator, suitable for iron ore.

The same magnet constructed by conventional methods would require 2 MW of electricity and would also be physically impractical.

Cryogenic Consultants, which constructed both the magnet separator and the magnet separator plant could be built in about the same capital cost as about the same capital cost

as Humphrey spiral gravity separator, but with less running cost and the ability to deal with the ore more fully. The 25 per cent loss occurring with the more conventional process could mostly be eradicated.

In comparison with chemical flotation techniques, the magnetic separator has no inherent environmental hazards.

Process capacities are expected to be up to 20 tonnes per hour for each unit separator depending on the material and type of ore.

The separator consists of a single turn helix of about 18 inches diameter made of 18 inch diameter glass fibre tube

fabricated round a cylinder containing the cryogenic magnet, a reverse pair of coils able to produce a gradient of 5,000 to 7,000 gauss/cm within the slurry inside the helix.

The slurry moves through the helix at high speed, but the field is strong enough to pull the majority of the magnetic ore particles to the inside surface of the helix so that the flow from the bottom end is in two streams, one with water and remaining solids with water.

Main achievement in comparison with a conventional magnetic separator is the strength of the field produced in such a large cross section area. In addition the device is continuous in operation, with no moving parts in the slurry stream.

The use of superconducting equipment in the past in an industrial application has been prevented by the need for refrigeration with liquid helium from a large external refrigerator. The new machine is cooled by its own self-contained refrigeration.

More from Cryogenic Consultants, 231 The Vale, London W3 7QS (01-743 8049).

MATERIALS

Internal linings for cars

CHALLENGING TRADITIONAL rubberised internal linings for motor vehicles, is an ultra lightweight thermoplastic fused polyethylene which is being introduced to the British motor industry by Dynamit Nobel, the German company which produces the product, Trocellen, in Northampton.

The material has been in production and service for the last three years and the first products off the line in the UK will be boot mats for the Ford Cortina, replacing those which hitherto have been imported directly from Germany.

Intended primarily for the internal trunk market, it can be used for car floor, bonnet roof and door linings—it is up to 80 per cent lighter than conventional rubber. For example, the Granada boot mat in the new material weighs 0.7 kg compared with 3.7-4.0 kg for a traditional boot mat material.

Major advantages are its rigidity and extreme formability. It can be formed into virtually any shape. It is produced in a number of colours with any style of graining and is bonded with practically any other type of material.

The first production line will turn out about 10 units and the company has space for further production at Northampton as demand grows.

Inquiries to 01-637 2281.

Laminate withstands fertilisers

UNIE van Kunststofabrieken BV, of Utrecht, Holland, has commissioned five large vane Tongere cyclones fabricated from Celmar (British Celanese sulphuric acid and other polypropylene sheet/glass fabric laminate), by Colasit Holland BV.

The laminate was reinforced externally with glass fibre reinforced resin to achieve the required structural strength.

Celmar was chosen because its polypropylene surface withstands the operating temperature of 110 degrees C at a pressure of 0.1-0.2 MPa.

TEXTILES

A stitch in quick time

ADVANCED electronic multi-head automatic five colour change embroidery equipment, the Barudan BEH-UF, is making its mark in the industry.

Supplied by Geoffrey E. Macpherson of Nottingham, the Barudan is operated by 254 mm (10 inch) tape and produces at speeds up to 800 stitches per minute, with jump stitch and electronic underthread stop-motion fitted as standard.

The embroidery field on the six-head models is 40 x 40 cm, with the option on 8 1/2 x 13 heads. Colour change takes two seconds.

REH-UF is the product of many years of trials and development and the result is a machine capable of producing a five colour design of 100,000 stitches at 800 stitches per minute, with a maximum stitch length of 6.3 mm, in only 125 minutes.

An automatic speed control from tape reduces the speed for stitches over 6.3 mm and up to 12 mm, to 520 stitches per minute.

An electronic pantograph and an eight-motion pattern rotating facility makes it into a machine that manufacturers of apparel, badges, motifs, and soft furnishings could use as a means of raising production by 100 per cent in stitch quality.

Macpherson, Nottingham NG2 6AD, 0602 868701.

RESEARCH

Aid to iron analysis

THE British Cast Iron Research Association has published a publication describing principles of operation, the range of manual recommended procedures for the analysis of cast iron using direct reading vacuum spectrometers.

The techniques described are largely the result of work carried out recently by BCIRA staff and by members of the Association who are using such instruments. Sections are included in the

publication on the range of elements and materials that can be analysed, sampling procedures, the preparation of samples for analysis, the analytical procedures, and the standardisation, care and maintenance of the equipment.

BCIRA is at Alvechurch Birmingham B48 7QB (Redditch 06614).

Extending rig life

SACRIFICIAL ANODE equipment of a new type, intended to extend corrosion prevention on oil platforms, has been developed by the company.

It combines the advantages of the various concepts of sacrificial and impressed current systems used in offshore platforms, by eliminating the problem of weight limitation when long term cathodic protection is required.

The idea is to fit lightweight bracelet anodes during fabrication of the platform, to provide part of the required cathodic protection. Once the platform is established and in production, supplementary anodes can then be attached to extend the life of the cathodic protection system to its full requirement.

Impulso's design means that extending the life of a platform becomes a practical and economical possibility. Initial installation of the system is simplified and in-service back up

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ASSETS EXCEED £1,300,000,000. MEMBER OF THE BUILDING SOCIETIES ASSOCIATION.

LOMBARD

A suggestion for Sir Keith

BY GEOFFREY OWEN

For those who dislike the principle of Government intervention in industry, the history of the British motor-cycle industry from 1973 onwards provides an admirable case study. First the Tories under Mr. Peter Walker and Mr. Christopher Chataway, then the Labour Government with Mr. Anthony Wedgwood Benn, tried to rescue a declining industry and made a thorough mess of it. What started as a commitment from public funds of just under £5m rose to some £25m, and there may be more to come.

The Meridian co-operative is still going and it would not be surprising if it obtained further Government support.

As Sir Keith Joseph says in a foreword to a study of the affair published today by the Centre for Policy Studies, it is "a cautionary tale to all those who believe that politicians and civil servants should 'play God' in the marketplace". It is not the matter of politicians or of civil servants, and it is not the money which is at risk. One of the few benefits to emerge from the Meridian saga may perhaps be the re-learning of this lesson. Yet it is really the only lesson of the Meridian story: it is undoubtedly true that a rescue operation, it was a disaster from start to finish. Every mistake that could be made, both strategic and tactical, was made: it is almost too easy a target for the anti-interventionists. Government Ministers used and abused their legislative powers to support a very shaky enterprise, often overriding proper scrutiny by the House of Commons. The paper highlights, in particular, the Export Credit Guarantees Act. It appears that in 1975 the accounting officer for the Export Credit Guarantees Department declined to accept responsibility for the transaction in which the Government guaranteed ECGD, under Section 2 of the Act, to make facilities available to support Meridian's exports.

The main conclusion of the paper, not surprisingly, is that Ministers should not try to second-guess the market. Picking winners and saving losers is not the Government's business. Commercially viable projects—even ones with a long lead time and high risk, like North Sea exploration—will always obtain the necessary funds from the market. The implication is that if a company is declining and appears to be heading for bankruptcy, it should be left to go bankrupt; any salvageable pieces can be bought from the Receiver. The question which is left un-

Avoidable

Whether it is the fault of managers, workers or shareholders, too many once-great companies have been allowed to decline and not enough new world-beaters have emerged. In at least some of these cases the decline could have been avoided if the market system in which Sir Keith and his colleagues believe had worked better. It is easy to castigate Ministers and civil servants because their errors are in a large extent open to public inspection, but it is only fair that businessmen, bankers and fund managers, whose errors of commission or omission have contributed to the decline of several industries, should also be put under the microscope. The fault is not all on one side.

*Meridian: Odyssey of a Lame Duck, by Jack Bruce-Gardiner, Centre for Policy Studies, £2.35.

THE WEEK IN THE COURTS

Lords 1803 ruling tested by Cyprus

BY JUSTINIAN

IT HAS long been an established rule of English law that our courts cannot entertain proceedings to determine the title to, or possession of, foreign land. As a corollary to that rule, the English courts cannot award damages against any trespasser on such foreign land.

But last week the House of Lords, while making a minor inroad upon the rule by holding that the courts are prepared to hear a claim for the recovery of property on the land, turned down a sustained attack upon the rule itself.

The case arose in this way. Two companies registered under the law of Cyprus owned two hotels in Cyprus. Before July, 1974, when Turkey invaded Cyprus and took possession of areas in the north of Cyprus, these two companies were the owners of two hotels in Kyrenia in that part of the war-torn island.

Turks step in

After the Turkish invasion, those who controlled the two companies left Kyrenia and went to Limassol on the southern coast of the Greek Cypriot part of the island.

Shortly afterwards, information leaked out that efforts were being made in London to organise holiday tours to the hotels. A body calling itself the Turkish Federated State of Cyprus was issuing brochures; a travel agency called Aegean Turkish Holidays handled the brochures and apparently was accepting bookings in England for the hotels by intending holiday-makers.

The Turkish Federated State of Cyprus had its representative in London, Mr. Mufizade, against whom the two companies issued a writ in London in February, 1977. They claimed against Mr. Mufizade and the travel agency, damages, in effect for conspiracy, an account of profits and an injunction restraining them from conspiring to procure acts of trespass to the two companies' hotels.

Although the two companies alleged conspiracy to trespass, instead of trespass, that did not avail them. The agreement said to constitute the tort of conspiracy would be unlawful only if there had been an intention to effect a trespass upon foreign land. Unless that could be shown there was nothing unlawful.

And that could be established only if the court were prepared to adjudicate upon the right to possession of the foreign land—which is precisely what the House of Lords in 1803 said that the English courts could not do. The two companies were thus forced to inviting the House of Lords to reverse one of its own decisions given 55 years ago. Until 1966 that would have been impossible; but in that year the Lord Chancellor, in consultation with the Law Lords, unshackled the Lords from that strict doctrine of precedent.

Special?

Their Lordships since then, however, have exercised their new found power to change the law with circumspection. And the present case has indicated no departure from that conservatism.

Their Lordships were thus divided 3-2. The majority of five, comprising Lord Wilberforce, Lord Keith, Lord Fraser, Lord Simon and Lord Goff, would have allowed the claim to proceed. The minority of two, comprising Lord Brightman and Lord Griffiths, would have dismissed the claim.

What is so special about land that should deny the English courts the right to award damages for those injured by damage to their property?

Supposing there are no local courts in the place where the land is situated competent to adjudicate? Or supposing the trespass is not a trespass present in the country where the land is, and has no assets there to make suing him worthwhile?

As Lord Wilberforce observed, if the courts were writing on a clean slate, the argument against the rule would be impressive. But he went on to list the considerations that weighed heavily and decisively in favour of the old established rule.

First, almost all the other jurisdictions of the common law world—the United States, Australia and Canada—have accepted the rule, with differing degrees of force and emphasis. It would be hard for the English courts were now to step out of line, having set the trend at the end of the last century, if not much earlier. At least there would have to be compelling reasons for going it alone.

A more compelling reason for

following the well trodden path of earlier decisions was the consideration that any change would produce conflict with foreign jurisdiction and potential involvement in political questions of some delicacy.

Courts are always hesitant at passing judgment upon matters of foreign public policy. Sometimes they are compelled by the legislature to do so; but unless instructed to do so they tend to duck the problem best left to diplomacy.

There might also be consequential changes in the law resulting from a change in the rule that the courts could not entertain. If change were desirable, Parliament is able to consider all the eventualities; a court can only deal with the problems raised in the instant case.

The assault upon the rule thus failed. The only crumb of comfort to the two companies was that they are being allowed to pursue their claim to damages for trespass to personal property as opposed to land.

The alleged interference to contents of the two hotels in Kyrenia was not a trespass by rule of the local (Cyprus) law and there was no reason to strike out the writ in respect of that claim.

*Hesperides Hotels Limited and others v Mufizade (1978) Q.B. 205.

*British South Africa Company v Companhia de Mocambique (1893) A.C. 602.

Third World blind 'could grow five-fold'

THERE WERE 40m blind people in the world, most blindness was preventable and much curable, delegates from 44 countries to the first general assembly of the International Agency for the Prevention of Blindness were told in Oxford at the weekend. It was the largest gathering held of blindness experts.

Unless decisive action was taken, the number of blind in developing countries could well increase fivefold in less than 50 years, added the president's statement at the end of the assembly. This was because blinding diseases were age-related and could be expected to multiply faster than the population as a whole.

WIMBLEDON VERDICT BY JOHN BARNETT

A total victory for mind and method

IT IS amusing now to recall that many experts used to say he would never win Wimbledon. After that first French title in 1974 and the subsequent third-round collapse as No 5 seed at Wimbledon against Ismail El Shafei on Court One, we dismissed Bjorn Borg's way of hitting the ball as freakish.

"All that top spin might be all right for the high slow bounce of clay, but on Wimbledon's fast grass with its low skidding bounce it will never work," we said.

Had we given proper credit for his success two years before in the junior event and his excellent quarter-final performance in losing to Roger Taylor in the boycott year of 1973, perhaps we would not have been so dogmatic.

But even as astute a judge as John Newcombe had said after beating the then 17-year-old Swede in the Dallas WCT final earlier in 1974: "Hitting the ball the way he does he is likely to face physical problems. There is a way he'll last the pace."

How wrong we all were! As he has now proved beyond all doubt, the Bjorn Borg method is the most effective known way of winning tennis matches, and the teaching manuals will have to be rewritten. The fierce topspin greatly increases the margin for error, besides being difficult to play against, both at the baseline and at the net. It also adds a new dimension to the game, for the same action as drives a backhand shot is only half the story.

Borg's greatest asset is his indomitable courage, which was apparent even at the age of 15, when he came back from two sets to love down to win the Davis Cup match against New Zealand.

It saw him through that awkward first hurdle two weeks ago, in the opening round against the giant American Victor Amaya. That same courage helped him to survive from a service break down in the final set against Vitas Gerulaitis in last year's epic semi-final, and rescued him again in the final, against the charging Connors.

Saturday's 106-minute win in the final against Connors, 6-2, 6-3, revealed just how much Borg has matured mentally and physically in a year. He is stronger now, so that he serves harder for longer. Though often overlooked this has become one

of the game's great shots. Also he is even faster about the court—and after last year I never thought I would find myself writing that.

He has always been good in a crisis but his total composure now is remarkable, bearing in mind that he is barely 22. Winning the Italian, French, and Wimbledon titles in succession, as Rod Laver did in his first Grand Slam year of 1962, stamps Borg already as a truly great player.

In Laver's day the game was still amateur, and the number of outstanding players was relatively small. Today there are dozens of highly motivated and totally competent professionals, any one of whom is capable of winning tournaments or upsetting seeded players.

Sheer weight of numbers and the pressure of competition could have been expected to prevent anyone from dominating the rest as Laver had done. But Borg has done exactly that. It is a total victory of mind and method, for which his coach, Lennart Bergelin must share the credit.

Barring injuries there seems no reason why he should not complete the Grand Slam by adding the U.S. Open (which he has yet to win) and the Australian Open, in which he has never played. Wimbledon's No. 1 seed, are at his mercy. In the 33 men's singles finals since the war 13 Americans, a Frenchman, a Spaniard, three Australians and two Czechs have each won the title once, and 11 other championships were won by four players, including Laver, whose four victories (1961, 1962, 1968, 1969) are a modern record.

If Borg can win again next year (and at the champions' dinner he announced that as his intention), he will equal the records of Anthony Wilding, who won four consecutive titles from 1910 to 1913 and Reggie Doherty, whose wins were from 1897 to 1900. Beyond them, are the five successive victories of Reggie's twin brother, Laurie Doherty, between 1902 and 1906, and the all-time record of another twin, William Renshaw, who won six titles from 1881 to 1886, and added a seventh in 1889.

The triumph of the self-exiled Czech Martina Navratilova was built in 1922 sceptics considered it a white elephant. With the game honning internationally as never before, there seems little danger that anyone would take the same view this time.

CRICKET TREVOR BARLEY'S HALF-TERM REPORT

Kent rule now—but best county do not always win

FOOTBALL'S MOST demanding competition is the First Division of the League, and cricket's equivalent is the County Championship. The club winning either title needs more than ability—it also requires stamina, balance, character and reserve cover.

The Football League champions can justifiably claim to be the best side in that season, but this does not necessarily apply to the county champions. Pitches, batsmen and the Tests all play a vital part, and can prevent the most accomplished team from carrying off the championship pennant.

The more perfect the pitch in soccer, the less likely a shock result; but in cricket, other than in a limited-overs game, it is too good to have a pitch which is too good. The last three wickets for the Oval Tests provided perfect examples. These pitches could stand firm against bowlers, but they were not playing with sufficient verve and conviction to suggest they are capable of rectifying this matter.

It is interesting to note, in view of the present shortage of potential English skippers, that both are well by players with international experience. Rose has yet to establish himself at the highest level, but he could well develop into a good player as Brearley, while Fletcher has better batting figures in Test and first-class cricket than anybody else in the England XI at Headingley. A very shrewd tactician, the Essex captain is a shy and naturally quiet character, who would need a flamboyant, but not a manager to bring out the best in him.

Somerset possess the greatest modern batsman in Vivian Richards. He showed last week in the Gillette Cup he is capable of winning any limited-overs game on his own. They also have

the title they were rather fortunate to share last summer. A major reason is that Underwood and Woolmer, because of their Australian connections, are available for all matches. This makes an enormous difference, as well as camouflaging a certain lack of experience in the side and an attack rather short of penetration on an easy wicket.

Underwood, a matchwinner—the best batsman in the world, pitches—while Woolmer provides their batting with class and stability, and he also picks up some valuable wickets.

Kent's place at the top is also in no small way due to the excellent fast bowling of Eastham, both as captain and as a player, while Tavaré is blossoming into one of the best prospects around and Jarvis is the sharpest of the young quickies.

The Tykes are playing their most convincing cricket for several years, and it is beginning to look as if at long last some of their young players are about to produce the goods to support their obvious potential. Now that Hadlee has joined the New Zealand team, it is Nottinghamshire who are likely to drop back in the race. Leicester shire are capable of staging a late burst, although the dropping of Kingsford was probably a psychological error.

Without any doubt the most disappointing team so far have been Sussex, who are languishing at the bottom without a win, although they have been unlucky with injuries, considering the number of good players on their staff, they have not even approached their true potential. I expect a revival from them before the end of the summer, as well as a much-needed improvement from Worcestershire, also without a victory, and for the wooden spoon to rest between Northants and Glamorgan, with the former firm favourites for this unwanted distinction.

RACING DOMINIC WIGAN CHANGES HIS MIND

Gunner B proves his class

THOSE OF us—myself included—who felt that courage and toughness alone would not carry Gunner B to his first group one success in Saturday's Eclipse Stakes must now accept the fact that the Royal Gunner horse probably has no superior over a mile and a quarter in Europe.

Looking at his best and a tremendous credit to his trainer Henry Cecil, whose Wolver Holm pulled off a surprise win in the race nine years ago, and considering their opinion, Gunner B conquered through sheer determination.

Driven into the lead a furlong from home as he finally took the measure of the almost equally resilient Radetzky, Gunner B was then always going just too well for Balmerino. However,

Balmerino appeared to be the one they all had to beat as he made ground with impressive smoothness from the back of the nine-runner field early in the home punting, crumpled rather disconcertingly when asked for a final effort inside the last furlong.

I now believe that both John Dunlop, his trainer, and Greville Starkey, his jockey, who at the time were adamant that the remarkable New Zealand horse pulled off a surprise win in the race nine years ago, and considering their opinion, Gunner B conquered through sheer determination.

Driven into the lead a furlong from home as he finally took the measure of the almost equally resilient Radetzky, Gunner B was then always going just too well for Balmerino. However,

picked up another suspension through his riding of Buckland half-an-hour after the big race. The suspension will run from July 15 to 25, inclusive. The following day Mercer returns to partner Gunner B in the Sussex Stakes, which will be the Newmarket horse's only race before the Benson and Hedges Gold Cup at York.

Because of insufficient information about definite running plans and jockeys, I am limiting my selections today, and am not giving a two-star or one-star selection.

EDINBURGH
3.30—Double Bloom***
WINDSOR
8.05—Shiny Decade
WOLVERHAMPTON
8.05—Raimin

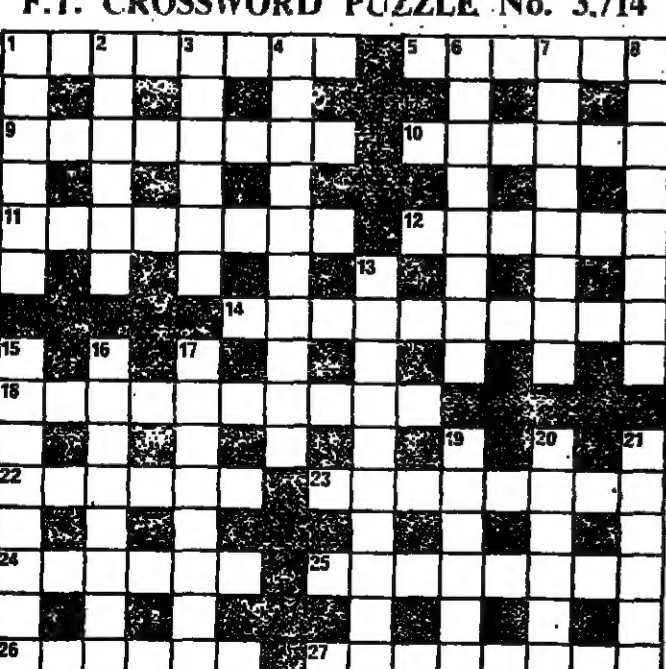
TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency), 1.30 pm B. Benn, 1.45 News, 3.40 Your Songs of Praise Chorus, 4.18 Regional News for England (except London), 4.30 Play School (as BBC2 11.00 am), 4.45 Great Grape Ape and Bailey's Comics, 5.05 Blue Peter Films (the World, 5.20 The Wombles, 5.30 News, 5.40 Nationwide (London and South-East only), 6.20 Nationwide, 6.45 Come Back Ains Noah, 7.10 The World of Jacques Cousteau, 8.10 Panorama, 9.00 News, 9.50 The Monday Film: 'The Last Day' starring Richard Widmark, 11.00 Revelation by A. J. P. Taylor

F.T. CROSSWORD PUZZLE No. 3714



- ACROSS
- 1 Cause an explosion with appointment round the college (8)
 - 2 Not an upright type (6)
 - 3 Something produced by the true race (8)
 - 4 Eve and husband return to faithful word (6)
 - 5 "I know no—cause to spurn at him" (J.C.) (8)
 - 6 He picked up a fallen mantle priest has changed (6)
 - 7 Coach a ready quartet (2,4)
 - 8 Flimsey equipment abroad—reason logically (5, 2, 3)
 - 9 Revision caused by unpleasant people (6)
 - 10 Monomania, nest-ce pas? (4, 4)
 - 11 To start with, despatched back to Devon town (6)
 - 12 Fifty per cent return for a place in the eleven (4,4)
 - 13 The doctor has no remedy—it's a knotty problem (6)
 - 14 Begun with the best tipster (5, 3)
- DOWN
- 1 Back to the beginning in the score (2, 4)
 - 2 They include an alternative hypothesis (6)
 - 3 It rises in midday—that's the idea (6)
 - 4 Treat actor differently—it's what the potter wants (10)
 - 5 Bird-song makes you sick in Hertfordshire town (8)
 - 6 What the bride does for one who is no sailor (8)
 - 7 Soldier of special unit after fellow (8)
 - 8 There may be a catch with this earthy attraction (6,4)
 - 9 Sometimes found on tees and gave a start to passenger trains (8)
 - 10 Rich man and Edward are stripped (8)
 - 11 Fish aboard for the masters (8)
 - 12 Smoking jacket (6)
 - 13 Scold artist in Spanish town (6)
 - 14 Henry's turbulent priest (8)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

Today (Sylvan): Spotlight

South West (Plymouth), 12.00 Weather/Regional News

BBC 2

6.40-7.55 am Open University (Ultra High Frequency), 1.30 pm B. Benn, 1.45 News, 3.40 Your Songs of Praise Chorus, 4.18 Regional News for England (except London), 4.30 Play School (as BBC2 11.00 am), 4.45 Great Grape Ape and Bailey's Comics, 5.05 Blue Peter Films (the World, 5.20 The Wombles, 5.30 News, 5.40 Nationwide (London and South-East only), 6.20 Nationwide, 6.45 Come Back Ains Noah, 7.10 The World of Jacques Cousteau, 8.10 Panorama, 9.00 News, 9.50 The Monday Film: 'The Last Day' starring Richard Widmark, 11.00 Revelation by A. J. P. Taylor

LONDON

9.30 am It's Life with David Bellamy, 9.55 Paint Along with Nancy, 10.20 The Undersea Adventures of Captain Nemo, 10.30 Little House on the Prairie, 11.20 21st Century, 11.45 Felix the Cat, 12.00 Paperplay, 12.10 pm Stepping Stones, 12.30 Unlabeled Words, 1.10 pm News, 1.30 Help! 1.50 about Britain: The Quiet Ways of Wales, 2.00 After Noon, 2.25 Monday Matinee: 'Hour of the Gun', 4.20 Clapperboard, 4.45 Eric's Boyton's Famous Five, 5.15 Batman, 5.45 News, 6.00 Thames at 6, 6.40 Help!, 6.45 The Kenny Everett Video Show, 7.30 Coronation Street, 8.10 World in Action, 9.00 Strangers, 10.00 News, 10.30 Appointment with Fear: The Quiet Ways of Wales, 12.00 am Close: One of Shakespeare's sonnets read by Sir John Gielgud, 12.10 am All the Regions at London except at the following times:

ANGLIA

12.30 am Friends of Man, 12.40 Record Makers, 1.10 am Tomorrow's, 1.30 am The Open Air, 1.50 am News, 2.10 am News, 2.30 am News, 2.50 am News, 3.10 am News, 3.30 am News, 3.50 am News, 4.10 am News, 4.30 am News, 4.50 am News, 5.10 am News, 5.30 am News, 5.50 am News, 6.10 am News, 6.30 am News, 6.50 am News, 7.10 am News, 7.30 am News, 7.50 am News, 8.10 am News, 8.30 am News, 8.50 am News, 9.10 am News, 9.30 am News, 9.50 am News, 10.10 am News, 10.30 am News, 10.50 am News, 11.10 am News, 11.30 am News, 11.50 am News, 12.10 am News, 12.30 am News, 12.50 am News, 1.10 am News, 1.30 am News, 1.50 am News, 2.10 am News, 2.30 am News, 2.50 am News, 3.10 am News, 3.30 am News, 3.50 am News, 4.10 am News, 4.30 am News, 4.50 am News, 5.10 am News, 5.30 am News, 5.50 am News, 6.10 am News, 6.30 am News, 6.50 am News, 7.10 am News, 7.30 am News, 7.50 am News, 8.10 am News, 8.30 am News, 8.50 am News, 9.10 am News, 9.30 am News, 9.50 am News, 10.10 am News, 10.30 am News, 10.50 am News, 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7.50 am News, 8.10 am News, 8.30 am News, 8.50 am News, 9.10 am News, 9.30 am News, 9.50

FINANCIAL TIMES SURVEY

Monday July 10 1978

Bahamas

The Bahamas celebrates its fifth year of independence with Prime Minister Lynden Pindling firmly ensconced in power. The economy has shown a marked upturn and the nation's stability contrasts sharply with other countries in the region. However, problems of excessive population growth and of unemployment remain.

Problems are little ones

By John McCaughey

BAHAMIAN PRIME MINISTER Lynden O. Pindling had his 48th birthday earlier this year. A former junior sprint champion of the Bahamas, he is still a keep-fit enthusiast who jogs and swims every morning before breakfast. It is not inconceivable therefore that, as well as presiding today over the ceremonies which will mark the Bahamas' fifth year of independence, he will dismiss his opponents by still being in charge when the time comes to celebrate the 25th anniversary of independence.

Certainly he has never been more in the national driving seat than he is at the moment. Last July he led his Progressive Liberal Party (PLP) to a decisive general election win, that left him with 30 out of 38 seats in the Bahamas House of Assembly and left the opposition divided and ineffectual.

He presides over an economy whose principal component—tourism—has this year shown a surprising upturn after five years of stagnation. Even foreign investors (a great deal more cynical about the Bahamas than the easy-going electorate)

have displayed noticeable signs of renewed interest and confidence in his country. "It's better in the Bahamas," says the Tourist Board slogan on posters and t-shirts, and for once the copywriters may have hit upon the truth.

The country—an archipelago of 700 islands and some 2,000 rocks and cays—has a land area of 5,400 square miles, which makes it a bit bigger than Hawaii. It stretches in a 70-mile-long arc from near Palm Beach, Florida, in the north-west to within 40 miles of Haiti in the South-east. Its current estimated population is 226,000—40 per cent of it under the age of 24. And it is the latter, seemingly - harmless statistic that is most likely to mar Prime Minister Pindling's enjoyment of the independence anniversary and the factor which poses the biggest threat to his political longevity.

The Bahamas annual population growth rate of 3.7 per cent is the second highest in the Western Hemisphere and will need to be halved at least to allow the country's resources any chance of keeping up with its needs. It is a country, however, in which the church (Baptists form the biggest denomination) is still very powerful and ecclesiastical opposition to birth control continues to prevent any national family planning scheme. The population growth problem is worsened by an especially high birth rate among Haitian immigrants—many of whom are economic refugees who come to the Bahamas illegally in search of work.

This population growth has imposed severe demands on education, health-care and other social services and led inevitably

to a serious unemployment problem. There are no reliable statistics on the subject, but the jobless rate is probably around 21 per cent and may be twice that among the under-25-year-olds. Like most other developing countries (or, for that matter, developed ones) the Bahamas has met with little enough success in its search for a way out of the difficulty.

Tourism, which is labour-intensive, continues to offer the best hope of a solution. After some years of benign neglect, the Pindling Government is now giving it the support that it needs in order to continue to grow and the results have been gratifyingly prompt. This year will probably be the country's best-ever in the sector, with the exception of the economically unimportant cruise ship traffic, which has fallen sharply as a result of a number of shipping lines' decisions to by-pass the Bahamas in favour of longer and more profitable runs.

Stimulating

Total visitor expenditure last year was estimated at \$412.4m, and the money has had a stimulating effect upon the economy. Hotels have been hiring more workers or rehiring laid-off ones, and as the tourist dollars have filtered down through the rest of the economy businessmen have been permitting themselves thin smiles of satisfaction. The atmosphere at a Rotary Club luncheon I attended in Nassau was even more jovial than is usual at such gatherings.

As tourism rebounds healthily, the country's other major industry, off-shore banking and finance—although not nearly so significant an em-

ployer—continues to thrive. The Bahamas is now a major centre for Eurocurrency deposits. Of the 273 financial institutions doing business in or from the Bahamas, 97 are Eurocurrency branches of foreign banks. Last September, one-third of the assets of all foreign branches of U.S. banks (or some \$57bn) were held by branches in the Bahamas or Caymans, against \$64bn in London. Bankers still complain about increases in company registration and other fees. But they are happy that the Government shows no sign of altering the country's tax-free base, and the nervousness about political stability which some of them displayed when the country went independent has long since vanished.

While the growth of trust company business has slowed somewhat, it is still a significant part of the financial sector. Meanwhile, the Government is encouraging the growth of captive insurance companies, and there are hopes that, with its superior banking and other facilities, the Bahamas can eventually rival Bermuda in this field.

Finance is now the most important industry after tourism, employing more than 2,000 people and contributing some \$30m to the economy annually.

But as the sun beats down on the tourists and the air-conditioners chill the bankers, the search goes on in the Bahamas for foreign investment. Since coming to power in 1967, the PLP Government has displayed a rather tortured ambivalence on this topic. While wooing investors with the one hand, the Government

has often seemed to be trying to push them away with the other.

Work permits for expatriates have been difficult to obtain as the goal of Bahamianisation of the economy (majority Bahamian ownership of companies) was pursued, and applications to set up new industries had to be hawked around a bewildering number of Government departments for approval—often vanishing into one limbo or another for a year or more, by which time the average investor had lost both interest and patience.

Reduced

Work permit delays are now reported to be reduced to within the bounds of ordinary bureaucratic slothfulness, but industry applications still take unconscionable time. One prominent cabinet minister involved in such matters is reputed to have a "Bubblegum File," so named because applications stick there and rarely re-emerge.

In a seemingly sincere bid to end this "bubblegum syndrome," the Prime Minister earlier this year announced a reorganisation of cabinet and civil service responsibilities. All major economic proposals and property development plans are now evaluated by a five-man cabinet sub-committee headed by Mr. Pindling.

Another body, the Bahamas Economic Committee, is made up of five senior public officials, including the extremely capable Governor of the Central Bank, Mr. T. B. Donaldson. The committee's job is to advise the cabinet sub-committee on the technical feasibility of pro-

posals and the best way of implementing them. This means that a potential investor has to deal with only one official body, rather than a dozen or more as in the past.

It is rather early to say how well this plan will work but it can hardly fail to improve matters. The high cost of labour and training in the Bahamas has sharply reduced proposals for labour-intensive industries, but these have been replaced by capital-intensive schemes.

Reassured at any rate by five years of post-independence peace and stability, foreigners are now actively seeking business and property investments in the country. Property prices are booming again and some major residential building programmes are underway.

The present confidence is infectious. Businessmen talk almost fondly of the Pindling Government's new tendency to encourage the private sector in any direction that is likely to stimulate the economy and increase employment. It is almost as if the PLP had transmogrified into a sort of black United Bahamian Party (the so-called "Bay Street Boys"), which was tossed from power in Mr. Pindling's "Onier Revolution" more than a decade ago. In fact it is difficult to recall that Prime Minister Pindling once made a point in the House of Assembly—in a dramatic but somewhat unparliamentary manner—of tossing the mere out through a window. Those heady days have gone and decorum has replaced defenestration in the chamber.

Strictly speaking the Bahamas is not a Caribbean country (it is in the Atlantic) and the

distinction is reflected in Bahamians. They are not, for example, as excitable as Jamaicans, or as hard-working as Barbadians. Phlegmatic and unimpassioned, they offer scant encouragement to the socialist Vanguard group in Nassau, with its goal of achieving power via "a poor people's party." Small as Vanguard is, however, it is very vocal and eager to turn to its advantage the tensions caused by ever-increasing unemployment among the country's young people.

Education in the last decade has done little to help young people. While the Government has pursued growth in the area energetically enough, more effort has been put into academic results than into more practical goals. This has resulted in the country being easily the most literate in the region—but has left it short of agriculturalists, motor car mechanics or people who can fix an air conditioner.

Pressing

The achievements in education have by no means been wasted (the country's financial sector requires a sophisticated and highly-trained middle class), but the pressing needs of the country in its present state of development are now leading to a redirection of education towards more purposeful goals than building up the "graduate scrapheap."

Other areas as well as education will need the Government's attention. The Bahamas in recent years has become a more important cross roads for drug smuggling from Colombia and Jamaica into the U.S. The once-august portals of the

BASIC STATISTICS	
Land area	5,380 sq miles
Population (est.)	226,000
Trade (1976)	
Imports	\$3.4bn
Exports	\$2.7bn
Imports from UK	\$7.8m
Exports to UK	\$15.1m
Trade (1977)	
Imports from UK	\$22.0m
Exports to UK	\$14.0m
Currency	Bahamas \$=US\$

Sheraton British Colonial hotel in Nassau now contain pushers selling marijuana to eager young Americans, and some idea of the sums of money involved in the business can be gleaned from a recent seizure by the police of a cocaine shipment with an estimated street value of more than \$45m. Unchecked, the rising crime rate that has accompanied this drug trafficking could some day damage the

fragile tourism market. However, the problems of a soaring population, rising unemployment and maintaining tourism growth are in the future. At the moment, Bahamians can congratulate themselves on the country's stability and relative prosperity. Last year, the 3.1 per cent inflation was the lowest in the region, and even this year's 8.9 per cent is better than almost all Caribbean countries. Short of the opposition hitting him over the head with the mace in Parliament, Prime Minister Pindling need not have too many worries about his own employment prospects.

Message from The Rt. Hon. L.O. Pindling, MP, LLB LLD Prime Minister of The Commonwealth of The Bahamas on the occasion of the Fifth Anniversary of Independence for The Bahamas

On July 10th 1978, The Bahamas celebrates its fifth anniversary since it gained its independence from Britain in 1973. I believe that all Bahamians feel justly proud of our accomplishments over the past five years. It would be true to say that in five years we have not completely solved all of the various social and economic problems that face our country, but it would also be true to say that we have made significant progress. In this respect, I feel that we, as a developing country, have provided the world with a fine model of political maturity and sound management in our social and economic affairs.

During the 1960s the Bahamian economy experienced a very high rate of growth, which unfortunately slackened in the 1970s as changing world economic conditions led to a decline in tourist arrivals, and a decline in construction activities. However, the development of large scale international banking and other off-shore financial services helped to support the economy during those critical years. In fact The Bahamas has now become an important international financial centre and tax haven, with banking and insurance, oil refining, manufacturing, agriculture and fishing, government services and mining constituting the other important economic activities in the country.

In order to combat the harmful effects caused by the decline in economic growth, the government decided to expand the role of the public sector in the economy, and consequently Bahamianisation of the economy and the theme of self-reliance evolved as important policy objectives. Consequently, the government started to participate rather actively in certain key areas of the economy by establishing new enterprises and by purchasing of equity in a few business ventures. The government now owns through a public corporation known as the Hotel Corporation of The Bahamas six hotels, three in New Providence and three in Grand Bahama and the three casinos which operate in The Bahamas. The hotels and the casinos are under private management, however, on contract with the Hotel Corporation of The Bahamas.

The Bahamas Development Bank has now been established to identify, promote and finance light industrial ventures, fishing and agriculture. In addition the government has set up an

agricultural corporation as well as a co-operative and planning department and built five packing houses in the family islands.

On the financial side, the implementation of the national insurance fund scheme has provided a constant source of funds for public investment. Actually in 1977 the fund subscribed approximately 75 per cent of the 40 (B Dollars) million stock that were issued, the remaining 25 per cent came from offshore commercial banks. That is to say the creditworthiness of the economy has enabled the government to successfully tap the resources of the foreign banks which operate in The Bahamas as an important source for the financing of the investment programme. Since independence, The Bahamas has been able to finance most of its capital needs from foreign banks operating in the country and from domestic savings.

The economic situation became more serious in 1975 when tourist arrivals declined to near the 1970 level, foreign exchange receipts fell and fixed capital formation also dropped as a result of the fall off in economic activity thereby aggravating the existing unemployment situation. However, in 1976 the government initiated more positive fiscal policies and almost doubled its investment in the public sector. These efforts combined with improved world economic conditions tended to stimulate economic growth so as to partially relieve the unemployment situation. Foreign exchange receipts also increased and real GDP grew by approximately 5 per cent.

As I see it, the economic development of The Bahamas has been based and will continue to depend on the performance of export oriented services, namely tourism and banking, but these would be increasingly fortified by a developing agricultural and fishing industry. The basic development issues facing the government are to:

- (1) generate the additional economic activity which is necessary to provide jobs for the unemployed and new entrants into the labour force
- (2) undertake an import substitution programme with appropriate linkages to the tourist sector
- (3) develop sufficient economic activities in other family

islands so as to reduce the migration trend to the cities and

- (4) identify areas of new growth through export-oriented activities.

There is no doubt that sustained economic growth will increasingly become the single major development issue which the country will face in the future. The Bahamas tourism industry still possesses enough potential to produce additional growth and investment, and to this end we will have to step-up our promotional efforts in the North American and European markets as well as try to tap possible new market areas. I am also convinced that a further expansion of the financial centre is still possible in insurance by the development of captive insurance, re-insurance activities and the investment of insurance funds, in offshore banking, through increased syndication in The Bahamas of Eurodollar loans and bond issues presently handled in other major financial centres, and in stock operations by initiating large scale syndication of stock issues handled in other financial markets. In this connection we would have to carry out a comprehensive review of the educational system with a view to adapting the educational system more closely to existing labour market conditions.

Owing to the proximity of The Bahamas to the main shipping lines and to the major ports and markets in the hemisphere, its major oil refinery and oil trans-shipment facilities, as well as deep sea harbours and existing infrastructure makes it an ideal location for major dry dock operations. This would complement the Merchant Shipping Act of 1976 which provides for the registration of ships in The Bahamas.

The existence of a stable investment climate, adequate fiscal incentives, a good pool of labour and the proximity to financial resources and facilities offer excellent opportunity for investment by foreign investors, and provide prime conditions for future economic development. Moreover the government will continue to invest in transportation, communications and other related infrastructure so as to provide additional investment opportunities in the family islands and assist in the overall social and economic development of the country.

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Economy based on tourism

NO COUNTRY in the Caribbean—with the exception of oil-rich Trinidad—weathered the buffeting of the 1973-75 recession as well as the Bahamas. For this remarkable survival, the country can thank its sophisticated and resilient tourism industry and the fact that—however gloomy things seem—Americans will give up much before they abandon their vacations in the Caribbean sunshine.

Tourism—as is discussed in detail elsewhere in this survey—is the country's primary industry and the key to its economic development. A Government-sponsored survey 18 months ago underlined this by showing that 64 per cent of Government revenue and two-thirds of household income could be attributed to the sector. Given the necessary investment, industry sources say, there is no reason why the \$412m earned from last year's 1.4m visitors could not be doubled by the early 1980s.

In employment terms, the tourism industry represents the best and probably the only hope that the Bahamas has of generating the 10,000 new jobs it will need to create in the next decade in order to stem the rising tide of unemployment—especially among young people. The manufacturing sector of the economy, by contrast, provides employment for little more than 5 per cent of the labour force.

The country's proximity to the U.S. is another factor that has served to buttress its

economy. Seventy-five per cent of tourists to the Bahamas come from the U.S. and the close integration of the economies of the developing country and its prosperous Continental neighbour has been instrumental in averting the economic or political instability that often afflicts developing countries. This, combined of course with advantages of climate, geography and lenient tax laws, has ensured the continued success of the Bahamas' secondary role as a financial sector.

However, the proximity to the U.S. has its drawbacks as well. The open nature of the Bahamian economy makes it particularly vulnerable to inflationary and recessionary movements outside the country. This is especially the case with the U.S.—the Bahamas' main trading partner. If America sneezes, in the time-worn phrase, the Bahamas can easily catch a cold.

Nevertheless, the latest report of the Central Bank (for the last quarter of 1977) paints an optimistic picture of the economy. Thanks to buoyant foreign exchange earnings from tourism and an increase in the inflow of long-term funds, the balance of payments position on both the current and capital accounts showed an improvement over the previous fourth quarter's performance. For 1977 as a whole, the overall balance of payments surplus amounted to \$19.7m—reversing the 1976 deficit of \$5.9m. Foreign reserves climbed meanwhile by 48.4 per cent to \$67.2m.

Favourable

The Bahamas' ability to maintain a favourable balance of payments despite the quadrupling of oil prices is indicative of the essential soundness of the economy—but the country will face considerable problems in maintaining that position in the years ahead.

Prime Minister Lynden Pindling has warned that the annual population growth rate of 3.6 per cent (the second highest in the hemisphere) will have to be halved at least if the country's limited resources are to keep pace with the nation's development. Equally, the food import bill (at present 80 per cent of foodstuffs are imported) will have to be reduced.

At the opening of the Bahamian Parliament in October last year, the Pindling Government outlined its plans for the country's economic development. The economy must grow, it said, on the basis of proven industrial capability. To that end, tourism, banking, insurance and shipping would be extended and diversified in order to maximise the benefits to the country from these invisible exports. Momentum from those industries would be

used to generate other economic activities, particularly accelerated production in agriculture, fisheries, agro-industry and related occupations.

In November last year, the Government expanded on these plans in its 1978 budget. And in a rather sharp turnaround from its emphasis—before the July 1977, election—on self-supported development, it dwelt on the need to attract further foreign investment. "It is my view that we would be unable to maintain a reasonable growth rate solely through our own national savings efforts," Finance Minister Arthur Hanna said. The Government, he went on, would therefore make greater efforts to attract approved foreign investments throughout the major capitals of the world, using a newly established trade and industry body as the prime mover.

In the budget, the Government announced plans to spend \$200.9m in 1978, \$32.4m of which would go for capital development. Of the remaining \$168.5m, just under 50 per cent was allocated to the Ministries of Education, Health, Tourism and the Police Department. No new taxes were announced in the budget. Total revenue for this year was estimated at \$167.8m, an increase of nearly \$18m over 1977 estimates. The additional revenue will come from the introduction of business and professional licences and improved revenue collection. The budget predicted a 1978 deficit of \$752,000 on recurrent expenditure compared to \$4m in 1977. The \$32.4m for capital development was expected to come from additional borrowing.

The Bahamas is also expected to benefit shortly from a new World Bank policy of making more funds available to middle-income developing countries, which have until now had to depend upon private lending. Like a number of other Commonwealth countries, the Bahamas has been ineligible for assistance because of its per capita income—put at \$2,000 by the World Bank. Total GNP is estimated at around \$400m.

Bahamian government ministers have frequently criticised this policy on the grounds that it is unrealistic to apply it to the Bahamas unless the "high expatriate element" were excluded.

Signs that foreign investment is beginning to move back into the Bahamas again—after a five-year lull—have also appeared recently. Estate agents agree that there has been a recent and considerable upswing in foreign property investment in the country, and the more optimistic ones are predicting a "real estate boom." Interest is mainly from

The BAHAMA Islands

Europeans and Canadians wanting either to buy winter homes or to purchase income-producing properties. Water-front property in New Providence is no longer available and demand by Bahamians and foreigners for homes up to \$100,000 far exceeds supply.

The growth of the banking sector has put similar pressure on the availability of office space, especially in Nassau. The interest has spilled over to other islands too: foreign investment has picked in Grand Bahama, Eleuthera, Exuma, Abaco and the Berry Islands.

Arab money has also made its first appearance in the Bahamas. Through a Luxembourg-based concern, Arab interests recently bought the \$75m U.S. Steel-owned cement plant in Freeport, Grand Bahama, which stopped operations last June because of insufficient revenue to meet high operating costs. The new owners plan to invest several million dollars to convert the plant to a less energy-intensive production method and to ship cement from it to the Middle East.

Construction has begun to revive as a response to the acute shortage of houses, apartments and business premises. A \$2m town house complex is currently being built on West Bay Street in Nassau by Shore Crest

Developments, a wholly limited production of agricultural and industrial goods. The Central Bank, Mr. Donaldson said, was limited by law in the amount of money it could make available for financing economic development because a large part of the foreign exchange brought into the country by tourists leaked out again as foreign currency payments for imports to support tourist consumption.

On the other hand, he went on, Government stimulation of the economy would reduce the reserves, and the options available for solving the unemployment problem were therefore limited. The Government could either borrow in foreign currencies and/or attract foreign investment.

In an open economy like the Bahamas, the Central Bank Governor said, any large-scale domestic financing could lead to a balance of payments deficit, which would not necessarily be the case with foreign investment. Such investment could enable the economy to achieve a more rapid growth than would otherwise occur. "For this reason," he said, "foreign investment must only be used for very worthwhile projects; that is, projects which will, by and large, generate foreign income."

John McCaughey

Banks maintain tight control

A BUOYANT tourist industry and the non-existence of any substantive industrial or agricultural activity poses special problems for banks doing business in the Bahamas today. The dilemma is finding productive investment for the high level of liquidity in the system without fuelling inflation and adversely affecting the balance of payments.

These pressures notwithstanding, the Bahamian economy remains something of a marvel for the Caribbean region. The inflation rate of 3.1 per cent last year was the lowest for the area. There was a \$19.7m balance of payments surplus and foreign reserves were up 48.4 per cent to \$67.2m. Thanks to an excellent winter tourist season and renewed capital inflows, the Central Bank's external assets increased to a record \$87m by the end of April.

The country's strong reserves position was reflected in the recent re-allocation of International Monetary Fund quotas. The Bahamas, which has yet to draw on the facilities of the IMF, was granted a 55 per cent increase, raising its Special Drawing Rights on the Fund from \$25m to \$38m.

A number of factors have contributed to economic equilibrium. The Central Bank has sought to keep the interest rate at a level that would encourage savings by both the public and private sectors and ensure that projects undertaken were viable. Price controls have kept rein on inflation, and Government pay increases to the public sector have been modest.

Due largely to such tight fiscal and monetary policies, the growth in the money supply has been moderate. At the end of April the broad money supply, M3 stood at \$275m, showing an increase of \$9m or 3.4 per cent during the first four months of 1978 and \$14m (5.4 per cent) over the previous 12 months.

In the absence of a capital or money market to effect its policies, the Central Bank has successfully used moral suasion to convince the banking sector of the need for loan restraint, particularly in the area of consumer credit.

To date short term Treasury Bills and periodic issues of longer-term Government stock

issues have provided the principal outlets for the investment of surplus funds. There has been a marked decline in Treasury Bill rates over the past few years, however, as business demand for bank credit slackened and liquidity increased. By the end of April in free cash balances of commercial banks amounted to \$32m compared with \$27m a year earlier. A \$5m Treasury Bill tender in May was discounted at 2.39 per cent.

Liquidity

Government borrowing to finance capital works has to a large extent helped solve the problem facing the commercial banks. But the growth in liquidity suggests a lack of initiative by the banking community in finding viable avenues for investment of these funds in the private sector and a lack of private demand for the type of credit offered. An example is the fact that agricultural loans have remained unchanged despite the existence of a guarantee scheme which precludes any possible loss to banks.

The commercial banks have frequently been criticised for failing to participate more actively in the promotion of

Bahamian business. If, however, land holdings are disregarded, a large part of the wealth of Bahamians is kept in the form of deposits with financial institutions.

A Bahamian tendency, moreover, to use savings accounts over, in the same way as checking accounts has made it difficult for banks to extend longer-term credit without jeopardising their liquidity. The Central Bank is now trying to achieve a ratio for housing loans of 8 per cent of total deposits, excluding demand deposits. Banks would, within this ratio, set up limits for the size of a loan.

The position of the commercial and savings banks as custodians of the public savings has been recognised by the Government. But it is also aware of the need for sound, long-term financing to aid new commercial and industrial ventures that would not ordinarily qualify for loans from the more traditional institutions. The Bahamas Development Bank, established in 1974, was put into operation this year expressly to close this "financial gap."

The Bank has been capitalised with \$3m from the frequently been criticised for failing to participate more actively in the promotion of

CONTINUED ON NEXT PAGE

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مكتبة

Slow industrial growth

A NUMBER of factors have conspired over the past ten years to defeat attempts by the governing Progressive Liberal Party to develop an industrial base for the Bahamian economy. Higher fuel costs have played a part. But more crucial has been the Government's own ambivalence towards foreign investors, protracted delays in processing investment applications and a general reluctance to move swiftly in taking advantage of industrial opportunities.

The picture is changing, however, largely as a result of the excessively high unemployment rate—now over 20 per cent—and pressure from an increasingly sophisticated group of young black businessmen who view foreign investment not as a threat to Bahamianisation but as an essential ingredient for economic growth.

Voicing the Government's policy reversal in his 1978 budget address, the Minister of Finance, Mr. Arthur Hanna, conceded that national savings alone were insufficient to maintain a reasonable growth rate and stressed the need for further foreign investment. The Government, he said, was establishing a new Trade and Industry unit to analyse development potential, identify development strategy and specify individual projects.

Since then the Prime Minister, Mr. Lynden Pindling, has announced a major reorganisation of Cabinet and civil service responsibilities to eliminate what he called the "frustrating bottlenecks" that had previously impeded foreign and Bahamian investors.

Changes

The effect of the changes has been to bring all economic matters, including economic policy, social and economic planning and trade and industrial promotion, directly under Mr. Pindling, as Minister of Economic Affairs, and the Deputy Prime Minister, Mr. Hanna, as Minister of Finance.

All major economic proposals and property developments are to be evaluated by a five-member Cabinet sub-committee headed by the Prime Minister. A second body, the Bahamas Economic Committee, comprising five senior public officials

and stamp taxes until 2054. In the rest of Grand Bahama and elsewhere in the Bahamas, earnings, dividends, machinery, raw materials and equipment for plants certified under the Industries Encouragement Act are tax free for 15 years.

Preliminary inquiries by IDC indicate there is strong German interest in a Bahamian base for tapping the American market. The company plans to use the findings of its industrial feasibility study as the springboard for an aggressive overseas campaign to woo European manufacturers to Freeport.

Training

Three problems remain, however. These are the high cost of labour and training, the uncertainties that still surround the Government's immigration policy and the lengthy delays in processing industry applications. The first has been circumvented by the introduction of capital—rather than labour-intensive industry. On the immigration question, business firms already established in Freeport say it is more a matter of bureaucratic delay in dealing with work permits than of refusing them.

Unfortunately, little if any research has been done to determine how the Bahamas, with its limited resources, can benefit from the concessions. Nor has the Government made much effort to inform the public of the types of products eligible for duty-free treatment. The only comprehensive study made to date was commissioned by Intercontinental Diversified Corporation (IDC), whose Grand Bahama Port Authority group of companies pioneered the development of Freeport, Grand Bahama, with its 3,000-acre Government-owned industrial estate, two deepwater ports plentiful supply of water and excellent infrastructure of roads, utilities and communications, is still regarded as the logical site for any future industrial growth.

Freeport, which was originally conceived by its developers as an offshore manufacturing centre, offers investors the further advantage of no income, capital gains, real estate and personal property taxes until 1990 or customs duties, excise

too large for U.S. ports to off-load directly into storage facilities ashore.

Burnham was last year awarded the trans-shipment contracts for the American Strategic Oil Reserves being shipped from the North Sea to the U.S. east coast. They are expected to keep the terminal going for at least two or three years.

Freeport's \$300m Bahamas Oil Refining Company (BORCO) has also experienced difficulties resulting from changes in the oil market. Although wholly owned by New England Petroleum and Standard Oil of California, BORCO has been classified by the American Government as a Bahamian company. Thus it is liable to the oil surcharge while small U.S. companies supplying the domestic market from American overseas territories remain exempt.

BORCO was established eight years ago to meet U.S. demand for less polluting low sulphur fuel oil. A relaxation of environmental controls to permit the use of cheaper fuels has affected demand for the company's product.

The first major manufacturer to set up operations in Freeport was the Bahamas Cement Company, a subsidiary of U.S. Steel Corporation. Last year the company, which had once supplied Florida's booming construction industry, announced that it was closing because of insufficient revenues to meet higher operating costs.

Early this year U.S. Steel sold the \$75m cement operation to the Arab-owned International Development Corporation of Luxembourg. The plant has resumed production and expects in the long term to convert from the high energy-consuming wet process to dry production, which should result in considerable savings.

Other industries at Grand Bahama have fared better. The Syntex Corporation was one of the first companies to take advantage of the preferential tariffs. Syntex's \$21m Freeport plant produces chemical ingredients for pharmaceutical plants and is an important manufacturer of steroid hormones, used in the manufacture of birth control pills, and the canal to ports on the U.S. Naproxen, used for treating arthritis. Almost all its exports now go to Europe, Japan and Canada.

The smaller Cooper Laboratories manufactures Protamide, an anti-virus drug used in the treatment of herpes. The company produces 2,000 litres of the drug a year for export to European and South American markets.

The Todhunter Mitchell blending and bottling plant has already expanded once and plans to do so again within a year. The company produces 40,000 cases of liquor a year, 20 per cent of which is exported to Canada, Germany, Australia, the Philippines and the U.S. The bulk of its sales however, are made in Grand Bahama. Principal brands are Ron Ricardo gin, Balalaika vodka, Calcutta gin and Todhunter scotch.

Grand Bahama's \$3m Steel and Pipe Company is the most recent firm to become established in Freeport under the special tax concessionary terms

of the 1955 Hawksbill Creek Agreement.

Although the company has felt the effects of a depressed steel market, it produces a highly abrasive-resistant steel pipe in demand in the U.S. for use in Florida's phosphate mines.

Bacardi is another Bahamian-based company that has benefited from tariff concessions accorded the Bahamas. Its \$6m Nassau plant is the largest exporter of light rum in the Caribbean, shipping 60 per cent of its production to the United Kingdom, Germany and the Benelux countries. Exports to Europe increased by 10 per cent last year. In Germany alone, Bacardi accounted for 250,000 of the quota of 800,000 cases allowed all the African, Caribbean and Pacific (ACP) states under Lomé.

Nonetheless the company, like other rum producers, has been wiped out, therefore, if the

had almost continuous problems with the European Community.

The machinery for implementing import quotas is said to be so complicated that it is defeating the purpose of Lomé. The most troublesome countries are Ireland, Italy and specifically France, which has never complied with the terms of the convention and has sought through various means to disqualify all Bahamian and Caribbean rum other than those from French Martinique.

The most recent French proposal calls for rum entering the EEC to be distilled in the same country in which the molasses is produced, to qualify for preferential treatment. A counter-proposal from certain ACP quarters, which the European Commission seems inclined to accept, is that the molasses should come from ACP countries.

The Bahamas is the only country in the Caribbean rum-producing bloc that does not manufacture its own molasses. And Guyana is the only one of the Caribbean ACP countries that produces a sufficient enough quantity for export. Bacardi's Bahamian operations could be like other rum producers, has

molasses restrictions are imposed.

In addition to the Industrial Estate at Grand Bahama, the Government owns a smaller 47-acre Industrial Park in Nassau, designed chiefly for the development of Bahamian-owned enterprises. Under the Industries Act, manufacturers producing for the local market are given the same long-term exemption advantages afforded those producing for export. The difficulty, however, has been in finding long-term, low-interest funding to finance such enterprises, since most black Bahamians, as first-generation entrepreneurs, lack the necessary capital.

After considerable delay the Bahamas Development Bank was capitalised last year with \$3m from the Government. A further \$3m has been loaned by the Caribbean Development Bank. The Bahamian bank is intended to provide long-term loans to Bahamians wishing to become involved in the agriculture and fishing industries, the local manufacture of goods and tourist-related facilities and industries.

Nicki Kelly

Banks

CONTINUED FROM PREVIOUS PAGE

Development Bank. The managing director, Mr. Warren Rolle, has said the Development Bank will be primarily interested in projects that contribute significantly to employment generation, the conservation of foreign exchange and increased economic activity in the Out Islands. Agricultural, industrial and tourist-related businesses will be given priority.

Operating within the narrow limits of the Bahamian market offers the banking sector little scope for profit making. What, however, the banks are losing on their domestic operations is compensated for by the size of their Eurocurrency activities.

The Bahamas is now a very large Eurocurrency centre. The initial flurry of anxiety that preceded independence in 1973 has long dissipated. Other than increase company registration and work permit fees, the Government has taken a conscious decision not to tamper with the country's tax free base.

The Bahamas' rapid development as the main offshore centre in the Caribbean is due mainly to efforts by the major

U.S. banks to expand their international operations as a buffer against stagnating domestic profits. In the past five years, in particular, growth has been fuelled by the massive borrowing of many countries to cover their oil-induced deficits.

The attraction of a Bahamian location has been the absence of taxes, lower operating costs and a well-developed financial infrastructure capable of handling the volume of business. Between 1973 and 1977 the Eurocurrency market worldwide increased from \$317bn. to \$814bn. But it is estimated that London's share of the total fell from 40 to 36 per cent while that of the Bahamas and Cayman Islands alone rose from 8.3 to 13.3 per cent. The bulk of the increase was recorded in the Bahamas.

Of the 273 financial institutions doing business in or from the Bahamas, 97 are Eurocurrency branches of foreign banks. The presence here of 79 American Eurocurrency branches reflects the extent of the activity of U.S. banks, which have tripled their foreign lending in the past four years.

Business growth was somewhat restricted last year, how-

ever, due to narrowing interest rate margins on foreign loans, tougher competition and the continued effects of the world recession. A recent study noted that the top 10 U.S. banks increased earnings on their international business by only 8 per cent in 1977, compared with an annual growth rate of 22.8 per cent between 1972 and 1977. Even so, 48 per cent of their income came from foreign operations by the end of 1977.

The explosive growth of this overseas lending has long concerned American federal regulatory agencies because of the possible exposure of the larger U.S. banks. As a result Americans banks are likely to face closer scrutiny with the introduction of a new monitoring system for measuring their overall international exposure on an individual basis.

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Nicki Kelly

A background to Investment Opportunities in The Bahamas

Introduction:

In 1972, the year prior to independence, an official statement declared that the Bahamas was irrevocably committed to the principles of democracy and that nationalisation would not be an instrument of economic policy. These views, together with government's official status of the Bahamas as well as ensuring that the fundamental rights and freedoms of the individual under the law would be upheld, are embodied in the 1972 'White Paper on Independence'.

Geographical advantage

The opportunities for investment in the Bahamas and consequently, above average return on investments in the Bahamas should be evaluated against the background of the objective conditions that presently persist in the country. It is only necessary to consider that the country is approximately half an hour by air from the largest (in terms of ability to pay) market in the world, the U.S.A. Moreover it sits as a gateway to the Caribbean and Latin America which places it directly in the path of the major commercial sea and air routes that link the European community to the Americas. And, the time zone is the same as New York and the major U.S. eastern sea-board capitals.

Labour:

The population, presently a little more than 200,000, is entirely English speaking, predominantly Christian and possess a high literacy rate of approximately 87 per cent. It is a relatively youthful and, indeed, demographic statistics indicate that over 50 per cent of the population is under the age of 25. These few facts should demonstrate the potential for an efficient labour force.

Capital:

The presence of sophisticated international banks and quasi-banks (U.S., Canadian, European) which have the capability of effectively managing funds and offering the transfer of funds from any country in the world. In addition to these services, the banks have been quite adept in Euro-dollar operations, so much so that the Bahamas is often referred to as the 'Switzerland of the West'.

Infrastructure

Electricity: The level of infrastructural development in the Bahamas is comparative with that of any modern economy. Electrical power generation on New Providence is provided by a government-owned corporation which offers 60 cycle AC single or three-phase

electrical service between 120 and 480 volts.

Water:

Adequate water for both residential and industrial use is available in the Bahamas principally from underground reservoirs augmented by desalination and reverse osmosis plants.

Telecommunications:

Telecommunication services cover a broad spectrum which includes efficient telegraph, telex, long-distance and overseas telephones. An underwater cable connects the Bahamas to the mainland U.S.A. and consequently affords direct distance dialing (DDD) between the Bahamas and the U.S. And, because of this access to Europe via the trans-Atlantic cable is facilitated.

Air/Sea transportation:

In addition to the national airline (Bahamasair) most of the major airlines in the western world land at the international airports in Nassau and Freeport. These include: British Airways, Air Canada, Eastern, Delta, Lufthansa, Sabena, Beljan, International Air, Bahamasair, and others. Modern ships, both conventional and container types, representing over seventeen shipping lines connect the Bahamas with major American, Canadian, South American, Caribbean, European and Asian ports. The necessity for adequate infrastructural facilities has always been a priority with the Bahamian Government and in keeping with this policy, the government has recently committed over \$30 million for capital projects development with particular emphasis on road construction and repairs, renovation of airports, extension of runways and improvement in water supply capacity throughout the country.

Legislation — Tax Free status:

The Bahamas has over the years, systematically developed a series of legislative instruments with the express purpose of encouraging commerce and industry. When these are viewed against the background of the tax structure, or more precisely, the absence of direct forms of taxation on income (individual or corporate), capital gains, inheritance and other gift taxes, the real benefits to companies locating in the Bahamas become clear.

Business Incentive Acts:

By way of example, the Industries Encouragement Act allows a registrant to import into the Bahamas, free of duty, all raw materials, equipment and machinery necessary to the production process for the statutory period of fifteen years from the date of commencement.

In similar manner, the Hotels Encouragement Act, allows for customs duty refund in respect of imports of all building supplies, furnishing and equipment.

The Hawksbill Creek Amendment to the Bahamas Act offers exemption from taxes on income, capital gains, real estate and personal property until the year 1990 while simultaneously, permitting freedom from customs duties, excise and stamp taxes up to 2054.

Ship Registration:

Legislation has already been enacted to allow international shipping to be registered in the Bahamas. This move is expected to encourage major ship owners to avail themselves of the favourable conditions that already exist in the Bahamas, such as geographical location, political stability, international financial facilities and tax exemptions.

Moreover, in the course of time ship registration is expected to foster connected activities, e.g. re-insurance, ship repair and bunkering. While offering the normal advantage of a flag of convenience, shipping standards have been based on the United Kingdom Merchant Shipping Act 1894 in order to overcome the undesirable aspects normally associated with flags of convenience. There are other Acts designed to stimulate activities in the agricultural, mining and manufacturing sectors which provide similar incentives and are all components of a well-thought out economic policy which, if it were to be summed up in a phrase, is, 'a serious attempt to expand the local economic base via diversification'.

Economic Policy:

Bahamian economic policies have changed little over the years insofar as the majority of policies were aimed at reducing the over-dependence on tourism. Yet, the tourist sector has persistently been the greatest contributor to G.N.P. and this year has been the most successful yet. Nevertheless, the principles of self-reliance and self-sufficiency are the axioms underlying all major economic policies. Recent government declarations have reaffirmed the national commitment to increase economic activity and employment through programmes which will further exploit the non-tax status of the country such as:

- Agro industrial development
- The provision of low cost housing to low-income earners.
- Exploitation of agricultural and marine resources with the long-term goal of self-sufficiency in food and consequently a reduction in the importation of food-stuffs
- Increased investments in family island infrastructural development

- Extension of services in the banking, insurance and shipping industries, and
- Concentrated efforts in youth development programmes.

Those policy areas have all been designed within the framework of a Bahamianisation programme, i.e. wherever possible Bahamians are urged to be active members of the local economy and in some cases, the public service administrative machinery has been geared to ensure that this objective is met.

Trade and Industry Agency:

The recent creation of a trade and industry section with assistance from the E.E.C., within the Ministry of Finance has the dual role of (a) facilitating the process of economic development by speeding up the procedures for dealing with industrial and commercial projects and, (b) ensuring that certain economic activities (agriculture, fisheries, simple service industries: restaurants, pharmacies, etc.) are reserved for Bahamians.

The Economic Council and the Economic Committee:

In its effort to accelerate the process for dealing with investment proposals, both local and foreign, the government has instituted two bodies: an Economic Council which is constituted by Cabinet Ministers who review special projects selected for it by the Economic Committee (a body comprised of top civil servants in the country). In this way, an investor desirous of a quick high-level response to an investment proposal need only have it placed before the committee.

Investment Regulations: The areas open to investment in the Bahamas could be placed into three general categories:

- Those activities less than \$2 million in value which are reserved for Bahamians, for example, the distributive trades, real estate, public transportation, public relations, farming, fishing, handicrafts and other services (hair styling, appliance repair, etc.)
- Those activities more than \$2 million in value which are reserved for majority Bahamian ownership such as some of the categories listed above. It should be noted that the definition of majority Bahamian ownership simply means that at least sixty per cent of the voting shares of the concern are beneficially owned by Bahamian citizens and sixty per cent of the members of the board of directors are Bahamian citizens

- The non-reserved categories, i.e. those not listed above in which foreign investment is welcome and encouraged so long as it recognises and accepts that Bahamian economic principles of development.

Government Corporations:

In keeping with the principles of orderly economic development and at the same time recognising the modern need for joint ventures between private and public capital, the government has established hotel, agricultural and development corporations which have charters that permit them to join directly with private concerns in joint ventures in an effort to develop the country.

Immigration:

Immigration policy is essentially similar to that of most Western countries in that the primary objective is to ensure that Bahamians play the major role in the development of the Bahamian economy. To this end, work permits to foreigners are issued in those areas where there is a shortage of suitable Bahamians. Additionally, the Bahamas Government recognises the need not to separate a bona-fide investor from his investment and has made allowances for the grant of permanent residence certificates to persons of good character who may have invested a minimum of \$50,000 in the economy in approved investments (this includes the purchase of a home).

Foreign Exchange Regulations:

The countries of the world for exchange control purposes have been divided into two categories, the Bahamas and the rest of the world. The Central Bank has the authority to determine residential status of individuals and companies. Persons and companies are designated by the central bank as being resident or non-resident. With the permission of the central bank non-resident individuals and companies are permitted to invest in the Bahamas. Permission of the Central Bank may be obtained for the Bahamian incorporated company to be designated as resident or non-resident.

Resident Company:

Is defined as one whose operation is within the Bahamas. Its shares may be wholly, or in part owned by a non-resident of the Bahamas. If the non-resident investment in the company is made in foreign currency which is converted to Bahamian dollars he is accorded 'approved investment' status. Approved status facilitates the investor in repatriating profits and dividends accruing from his investment.

Non-resident Company:

Is defined as one whose operations

are outside the Bahamas. The shares are wholly owned by non-residents of the Bahamas. These companies are allowed to conduct transactions in any foreign currency.

The Bahamas Development Bank:

In the very near future the Bahamas Development Bank will officially open its doors. This new institution is part of Government's programme to directly assist Bahamians to participate as entrepreneurs in the local economy. The bank is designated to fill the vacuum in the commercial banking sector to finance small industrial ventures, agricultural and fishing projects or generally, higher than normal risk ventures. The establishment of the Development Bank heralds a significant threshold in the agro-industrial development programme for the Bahamas.

Agro-Industrial Development:

When it is considered that in 1973 the estimated level of food imports which was in the region of \$60m, representing some 50 per cent of total national food bill, the Bank is expected to play a major role in the further development of agro-industry. In addition the Government has taken the initiative for:

- Clear farmlands
- Construct farm roads
- Improve inter-island shipping
- E-establish packing houses
- Introduce a co-operative development programme
- Start an agricultural census
- Create an agricultural loan guarantee fund as well as introduce a farm supplier credit scheme.

Petroleum Exploration:

Another recent development which has occurred in the Bahamian economy involves the initiation of a programme which is geared to stimulate offshore oil exploration activities in Bahamian territorial waters. In early 1978, the financial amendment to the petroleum legislation was passed by the Bahamian Parliament and as soon as the apparatus for receiving bids is established, it is expected that new revenues will be added to the country's national budget.

WHY THE BAHAMAS IS AN ATTRACTIVE BUSINESS AND INVESTMENT CENTRE

All the major economic indicators in the Bahamas tourist arrivals, building starts, foreign reserve levels and the like together give reason for optimism in that each one has shown definite increases over the corresponding 1977 period. It is fair to predict that economic growth in the Bahamas over the next few years should progress at mild but deliberate pace notwithstanding any unforeseen disruptions the overall investment climate in the Bahamas is good.

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Better year for Freeport

IN MAY 1976, the new management of Intercontinental Diversified Corporation (IDC), Panamanian parent of the Grand Bahama Port Authority Group, announced that IDC planned to dispose of all its non-Bahamian assets to concentrate fully on the development and revitalisation of Freeport, Grand Bahama. Two years later, there are positive signs that the economy of Freeport/Lucaya is beginning to grow once more.

Tourism has made a spectacular comeback. Foreigners are again making property investments and IDC is planning an intensive overseas campaign to woo European industry to the island. Mr. Jack Hayward, chairman of the Port Authority's Development Company (Devco), who with Mr. Edward St. George, chairman and president of IDC, is largely responsible for the company's new policy, admits frankly that IDC's recommitment to the Bahamas was motivated by business considerations. "All other attempts to re-create the Freeport 'miracle' proved to be losers," he says.

Carved 20 years ago from 140,000 acres of Grand Bahama pine barrens, Freeport was a product of the high-flying 1960s when almost any scheme seemed assured of success. As originally conceived by American financier Wallace Groves, it was to be an industrial free port whose situation along the western hemisphere's shipping lanes would put it in close proximity to the North American, Caribbean and Latin American markets.

The port idea never really caught on, however. Nor did later attempts to transform Freeport into a tourist resort meet with much success until casino gambling was introduced in 1964. In the following five years Freeport's population grew to an estimated 23,000 as foreign settlers took advantage of the open door immigration policy made possible by the Port Authority's agreement with the former United Bahamian Party Government. The construction boom precipitated by casino gambling also attracted thousands of Bahamians from the other islands. It was anticipated that if the present trend continued, Freeport's population would reach more than 150,000 by 1980.

Breakneck

Inevitably such breakneck growth could not be sustained. There were changes taking place at home as well as abroad. In 1967 the Progressive Liberal Party, the Bahamas' first black government, took office. In 1969 the PLP brought the responsibility for Freeport immigration under the control of the central government.

The ensuing controversy between the Port Authority and its licensees on the one hand, and the Government on the other, focused a great deal of unfavourable publicity on the Bahamas. That, together with the inflationary recession then underway in the U.S., combined to cut off development capital to Freeport. Many businesses collapsed and hundreds of residents left. Devco's subsequent decision to invest in land development in Florida, California and the Canary Islands was widely interpreted as a lack of confidence in the Bahamas and its Government.

The Port Authority put no further funds into Freeport for the next five years. Hotels closed, abandoned homes and

apartments were taken over by vandals and there was serious concern for the city's future.

A number of reasons have been advanced for Freeport's near collapse. The purpose here is not to point blame. Suffice it to say that the deep mutual suspicion that was engendered between the Government and the Port only exacerbated the situation. Relations have improved noticeably over the past two years, however, with IDC's increased financial involvement in Grand Bahama.

Besides quadrupling its financial support to the Freeport/Lucaya tourist board, the company has carried out a number of physical improvements aimed at expanding the tourist industry. The airport runway has been extended to 11,000 feet so as to handle fully-loaded, non-stop transatlantic flights from Europe, Canada, the western U.S. and South America. A new 6,000 sq ft addition to the airport terminal accommodates 500 charter passengers, and U.S. pre-clearance facilities introduced in January now make possible charter flights to Freeport from previously inaccessible areas of the American travel market. In all, IDC has pumped \$12m into tourist promotion and capital development for Freeport over the past two years.

The economic effects have already been felt. The past winter season was the best for Freeport since 1969, with about 70 per cent of the business coming from charters. Air

arrivals rose to 35,870 in February—a 21.4 per cent increase over the same month last year. In March 28 additional charters brought air visitors to 41,480—a 40.2 per cent jump over March, 1977. The cumulative air total for the first three months was 105,150, up 21.7 per cent over the corresponding period a year before. Half of March's air visitors were pre-cleared at Freeport. Hoteliers believe that the summer's heavy bookings portend an even better 1978-79 winter season.

Distinct

A mixture of eastern and western architecture, Freeport has developed a totally distinct character from the rest of the Bahamas. Indian domes and minarets stand alongside Japanese tiled roofs and Spanish-walled villas. To the newcomer it seems surprisingly like the set for the popular American television series "Fantasy Island."

Freeport, however, is a spacious, well-planned garden city supported by a modern infrastructure of roads and utilities. The rough edges of the early frontier years having worked off, it has become a highly-attractive place in which to live and work. The most famous of its 20,000 residents, billionaire real-estate Howard Hughes, made Freeport his home until shortly before his death.

Drawn by the climate, the absence of taxes and bargain-priced real estate, an increasing

number of Europeans and Americans have also invested there over the past year. More than half of the better apartment buildings have been sold as have all the available condominiums.

Devco's completion last year of the \$25m Grand Lucayan Waterway, a 74-mile channel of branching waterways cutting across Grand Bahama, has opened up a new region for property investment. Land adjacent to the waterway, fully developed, could, according to the company, support a population of more than 150,000.

In addition to its proximity, good communications, deep-water port and other physical assets, Freeport offers a number of trade advantages for foreign companies wanting to expand their U.S. exports. Under the 1973 General System of Preferences (GSP) the Bahamas has been granted duty-free treatment on a wide range of goods that could be manufactured locally for export to the U.S. The list includes many types of most dutiable manufactures and semi-manufactures as well as selected agricultural, fisheries and primary industrial products not otherwise duty-free.

Freeport itself, through the Hawksbill Creek Agreement, provides further incentives by exempting investors from personal income, corporate profits, capital gains and personal and real property taxes until 1990 and from customs duties, excise and stamp taxes until 2034.

The Massachusetts firm of Arthur D. Little recently completed an industrial feasibility study for IDC to identify the types of industries that would benefit most from a Freeport location. The report found that capital-intensive industries with high profit margins, high product volume to low raw material volume and high value to low bulk volume stood to gain from the favourable tax structure and freight savings.

Most of the half dozen international companies already located in Freeport have done well. These are discussed elsewhere in this survey. What problems there are have resulted from world market conditions over which the Bahamas has no control.

Immigration is no longer the big issue, although companies continue to complain about the delays in processing work permits for key personnel. Of more serious concern is Government procrastination in reaching a decision on new industry applications.

Several months ago the Prime Minister, Mr. Lynden Pindling, announced formation of a National Economic Council to evaluate all major economic proposals and property developments so as to eliminate the "frustrating bottlenecks" that have previously impeded both foreign and Bahamian investors. It is still too early to tell how effective the Council will be.

N.K.

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Moves to boost food production

THE REASONS for agriculture's long-standing lack of success in the Bahamas are part geographical and part sociological. The soil—compared to other Caribbean islands such as Jamaica or the Windward and Leeward Islands—is poor, occurring sporadically amid the limestone plateau which makes up most of the islands. And Bahamians—except in an easy-going and inefficient manner—are not by tradition farmers or fishermen.

Just after World War II, more than 30 per cent of the Bahamian labour force was engaged in agriculture or fishing. Then came the development of tourism—principally on the islands of New Providence and Grand Bahama—which immediately attracted many of the country's young men away from the farming communities of the Out Islands and into the tourism jobs in Nassau and Freeport. By 1975, only 7 per cent of the labour force remained in agriculture, and today much of the labour on farms is performed by Haitian immigrants. Many of the Out Islands were stripped of a generation—left only with children and old people—and it is only in recent years that any serious attempt has been made to reverse this trend.

It is a difficult task nowadays to convince sceptical Bahamians that agriculture can provide as good a livelihood as jobs in tourism or other trades in the cities. To bring about the change will require agriculture

in the country to become more productive and therefore more mechanised.

This popular distaste for agriculture ("Bahamians view farming as occupational Nassau or Freeport tucks into therapy," complains one official) is reflected as well in the Department of Agriculture's lack of qualified and experienced Bahamians to employ for training purposes. The manpower shortage has meant that local farmers have largely without the advisory and marketing expertise that they need. Lack of a quality control system has also made export contracts more difficult to obtain.

Idyllic as the Bahamas are for tourists, the 700 islands of the country are not blessed with fertile soil. A land resources survey conducted by the Government found that only about 150,000 acres (mainly located in three islands) had high agricultural potential. At present, some 40,000 acres are under cultivation.

The Department of Agriculture sees as one of its pressing tasks, therefore, the need to bring in heavy machinery to pulverise the limestone of which most of the country is made up and mix it with soil in order to create a growing medium. The alternative is simply to employ those areas where there are pockets of soil, but these are few and discontinuous and make it extremely difficult to get any kind of high yield per acre of crop.

Even if, however, the Bahamian soil was fertile and plentiful and there were farmers available to work it, the geography of the country throws another major obstacle in the path of the hard-pressed agricultural planners. A nation of 700 islands poses great problems of transportation.

As the tourist planners have found with Bahamasair (the national airline), it is extraordinarily difficult to create a cogent transport system in the archipelagic necklace of islands that make up the country. Although the land area of the Bahamas is larger than Jamaica, it has only one-tenth of the population and the farming community is widely dispersed among the islands. Many of the islands too have very shallow harbours, which means that only small vessels can enter, and brings about high freight rates and a complex and costly marketing operation.

The capital island of New Providence is also the hub of the distributive wheel for the country. Imports and exports, therefore, very rarely go straight to and from the island concerned but pass through Nassau, making for additional handling and pushing up the cost of such things as imported fertiliser.

Various ways of overcoming the transportation problem have been discussed (including one ingenious scheme for using men's Bahamas Agriculture vessels like D-Day tank-landings to ship palletised produce from small islands). But—like a history of heavy losses, bad

the problem of getting tourists into and out of the Out Islands—progress is more imaginary than real. It is a resolvable irony that when the tourist in therapy, a occupational Nassau or Freeport tucks into his first Caribbean meal he eats food imported from Miami because there is no effective way of getting Bahamian produce to the hotel tables.

The adventurous Bahamian who ignores the advice of his elders and the poverty of the soil and goes into agriculture faces another stumbling block—that of financing. The commercial banks, despite their current high liquidity, are frosty places for the farmer. They will make loans for agricultural purposes, but only to established farmers with an adequate credit rating.

The Government provides slightly more encouragement. Farmers can buy their supplies, such as seed and fertiliser, through a Government supply store which imports the materials duty-free and sells them at cost. The store provides farmers with twelve-month credit of up to \$300 per acre. Farmers are also able to import machinery and production requirements themselves duty-free—a concession that cost the Treasury \$3.5m in lost duties in 1973.

The U.S. Government also recently made available \$800,000 to start an agricultural loan guarantee fund. It is designed to compensate banks for any loans made to farmers on the advice of the Department of Agriculture that subsequently go bad. The recently established Bahamas Development Bank, which has a working capital of \$5m, will also, it is visualised, play a part in financing large-scale agricultural development. It will provide funds for fisheries development as fishermen have a supply store scheme similar to farmers but do not qualify for the U.S. loan guarantee fund.

Problems

The Government's plans for the country to become self-sufficient in food production are encountering problems along the way, however. A privately-owned dairy (the country's only fresh milk one) was sold at the beginning of this year for \$1m after losing rather more than that amount over the past four years.

The new owners—a group of Canadian and Bahamian businessmen, with the latter owning a 60 per cent majority shareholding—expect to have to invest a further \$1m this year to make the venture profitable. The Government has indicated that it will help by imposing protective tariffs on milk imports.

Meanwhile, another agricultural venture has run into serious difficulties. The Hatchery Bay poultry farm on Eleuthera was bought by the Government in 1973 for \$5m. In the years since then it has had from small islands, bad

CONTINUED ON NEXT PAGE

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Revival in tourism is welcome news

THE BAHAMAS this year resembles some vast American breakfast bar, with epicurean foraging in the sun substituted for bacon bubbling under the grill. All the indications are that 1978 will be the country's best-ever year for tourism.

The revival is long-awaited and welcome. Bahamian tourism grew swiftly in the 1950s and 1960s and entered the 1970s with considerable growth momentum, but by 1972 that momentum had halted, and from then until the middle of last year growth in the sector was negligible.

Last winter, however, things began to improve. Stopover visitors for 1977 were up by nearly 3 per cent on 1976 and hotel days (the total number of days spent by visitors in commercial accommodation) rose by 10.6 per cent. In the first four months of this year, total visitor arrivals rose by 18 per cent and tourism planners are hoping for a 15 per cent rise in stopovers for the year as a whole.

The figures are no mere arithmetical doodling by planners and statisticians. Tourism is more than ever—the engine that drives the Bahamian economy. It is the basic industry, employing 44 per cent of the work force and indirectly affecting the jobs of another 22 per cent. Close to 60 per cent of foreign exchange earnings are derived from it, and the tourist dollar provides every second schoolroom and hospital bed in the country. Visitors last year spent an average of \$410 each per week during their stay, and for the foreseeable future tourism is likely to remain the principal agent for increasing employment, prosperity, and development in the Bahamas.

Trough

The link between tourism and the health of the economy is one that has never been denied but has often been brushed aside or taken for granted. The trough which the industry went through from 1972-76 can be explained by a host of extraneous factors—the oil crisis and recession in the U.S., to select the most obvious—but a more fundamental cause was probably governmental neglect of this particular golden goose.

"The instinct of the Pindling Government when it gained power in 1967 was not to rely on the thinking of the previous government, which had placed so much emphasis on tourism," explained a senior official in the Ministry of Tourism. "The new government wanted to keep tourism going, but to develop the economy in other ways. However, after a number of years, there were still very few jobs that were being created outside of tourism. Inter-national banking is very strong here, but it's not labour intensive. Gambling is a great source of money, but not of employment. In contrast, there are innumerable ways that tourism permeates the economy and creates jobs."

There are now interesting indications, however, that the laissez-faire philosophy has had merit. Nassau Court—the

elegant old headquarters of the Tourism Ministry—has had a psychological boost with the appointment of Baltron Bethel as Director General of Tourism; the first Bahamian to hold the job and a civil servant noted for his energy and efficiency.

Spending on tourism (already per capita the world's highest) is budgeted to rise by nearly 12 per cent this year to \$11.7m. This nearly doubles the 1977 percentage. Increase, and tourism officials are optimistic that the Government will put further money into roads, airports and other infrastructural development. Advertising expenditure (currently running at \$7m a year, excluding staff and sales office costs) has been expanded, with aggressive new television and magazine campaigns and other promotional schemes.

Not surprisingly, the industry still faces problems. Tourism officials have a goal of a 10 per cent expansion in the field every year—a doubling of the industry within a decade—but it is not clear where the growth will come from or how it will be accommodated.

Plans are afoot for an additional 500 hotel rooms in Nassau's Cable Beach area by 1980, but no new hotels are actually being built in either Nassau or Freeport, the other main centre. The country's 700 Out Islands therefore offer the most immediate and attractive avenue for expansion and a way of counteracting the concentration of tourists into New Providence and Grand Bahama.

The islands are in many ways far more attractive to tourists than the country's two cities. They have no giant hotels, shopping centres or casinos. It is true, but they do have idyllic deserted beaches, a rather more friendly population and an amiable and relaxed (not to say pleasantly somnolent) atmosphere. Their attraction is a major factor (the tourist jargon for people who come back in the same spot) of 80 per cent must be one of the highest in the world and contrast with the ever-changing hubbub of Nassau and Freeport.

However, transport to the islands is the key to expanding their share of tourism and that touchy subject has for years filled the cherished position in the imagination of Bahamians that Irish jokes occupy in the minds of the British.

Bahamasair (or "Bananasair" as the sarcastic local newspaper cartoonist calls it) is the national airline charged with getting people to and from the islands. Started in 1973, some 87 per cent of its shares are held by the Government and it has been losing money since its first flight. A private company, profit and loss accounts are not laid before Parliament, but the Government is estimated to have funded it in the time of \$18m over the past five years, mostly via a \$3m per annum operating subsidy.

The losses are not all attributable to the airline's management. Running an airline in a sprawling archipelago, with inadequate funding and equipment, might defeat the abilities of even Freddie Laker and

the clash between impossible demands and insufficient means to meet them has inevitably resulted in a measure of chaos. However, things are getting better. Last July the Government signed a two-year management contract with Aer Lingus, the Irish airline (thankfully the Bahamians do not understand Irish jokes) and the new six-man management team, together with ten electronics, avionics and engineering staff, has made considerable progress in rationalising the service.

The airline is now flying direct from Miami to eight of the Out Islands and from Fort Lauderdale in Florida to Nassau and Freeport. The management has also been attempting to get around the difficulties of the archipelago nature of the country by building up other focal points in the islands.

However, as its urban new managing director, Michael Hayes, points out, there is little more that Bahamasair can do without a considerable injection of Government capital. A medium-term plan for the airline's future will shortly be sent to the Government seeking a "fairly sizeable" amount of capital.

Irritation

In addition to new fleet, the Bahamasair development plan will call for considerable investment in airport maintenance and upgrading. A peculiar irritation of travelling by air within the Bahamas is to arrive half an hour early for a flight to find that it has already gone.

This is caused by the fact that most Out Island landing strips are unattended and unit pilots often take off some time before the scheduled departure in order to avoid being trapped for the night by the fast-falling darkness.

While the Out Islands are well placed to play an increasing role in tourism expansion in the Bahamas, the ability of Bahamasair to get tourists in and out is obviously vital to the development. The Government announced the allocation of \$2m to Out Island airport development in the last budget and the airline has high hopes that it will get the money it needs. It will probably never make a profit, however.

In the international, long-haul sector, the Bahamas does not have a national airline. International Air Bahama, which, using just one stretched DC-8, has run a successful, cheap, non-IATA service between Nassau and Luxembourg, is principally owned by Icelandic Airlines.

The lack of Bahamian equity in the company has meant that the Pindling Government has never pressed for it to be given other international routes. However, negotiations have recently been successfully concluded with the British and West Germans for Bahamian routes into London and Frankfurt and the Government now has to designate a carrier for those routes.

As both the UK and West Germany wish the carrier to be Bahamian-owned and as tourism officials see considerable growth potential in the two countries

and (given suitable connections), Scandinavia, informed guesses in Nassau are that the Government will shortly take a majority shareholding in International Air Bahama, before handing over the new routes to it.

The goal of a doubling of tourism arrivals in the next ten years or so is not all being hypothesised on a growth in traffic to the Out Islands. Bahamian tourism has always been seasonal (with Christmas to Easter the high point of the year), and there is plenty of accommodation, especially in Freeport, which could be filled if more visitors can be attracted during the off-season.

Efforts are now being made to expand Canadian, American and European summer business—more that have been helped by the recent establishment of \$13m Club Méditerranée, accommodating 600 people, on New Providence. Club Méditerranée plans to open another resort of a similar size on Eleuthera this Christmas and has long-term plans for two more camps on other islands.

Other efforts are being made to improve "the product," as the Bahamas is called in Nassau Court. Some 63 per cent of all visitors to the country go to a casino and a third one has now been opened on Nassau's Cable Beach (run by the Playboy organisation, it presents for the first time the alluring spectacle of West Indian bunny girls).

The casinos are hefty money-makers. In 1976, the existing two (on Paradise Island and Freeport) reported combined gross winnings of \$47m, of which \$9m was paid in taxes to the Government and another \$2.1m in immigration fees for staff and various operating permits.

Tourism worldwide is an expanding business—remarkably resilient to periodic economic downturns—and if the Bahamas can maintain its share of the market, the number of visitors will automatically rise steadily. But the Caribbean is an advertising battleground of destinations vying with each other for the same customers (even Cuba, where Fidel Castro's victory in 1959 gave the Bahamas an unexpected filip, is now trying to attract tourists). A considerably less lethargic commitment to the industry by the Pindling Government will be needed therefore to maintain the revival in growth.

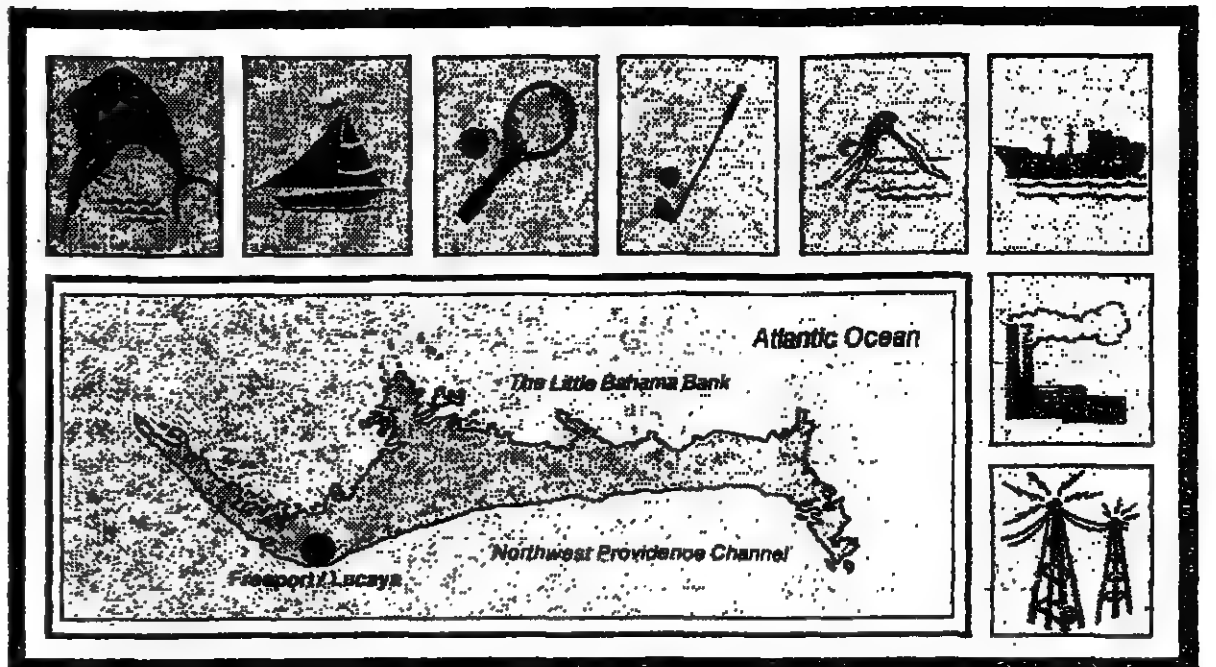
Sketching the rudimentary economy of the country in "The Story of the West Indies" (published at 1s. 6d. in 1898 as part of "The Story of the Empire" series), a Mr. Arnold Kennedy wrote, that most Bahamians lived by growing citrus fruit or diving for sponges.

"However," he went on, "the American invalids who flee to the Bahamas every winter in search of health form a source of wealth by no means to be despised." The Bahamas has progressed a lot since those balmy, imperial days. But the tourists still arrive and they still form a source of wealth by no means whatsoever to be despised.

J. McC.

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J. McC.

Food production

CONTINUED FROM PREVIOUS PAGE

management and inability to obtain credit from U.S. suppliers. Thousands of chickens on the farm died from disease and, and Nassau overcrowding, and Nassau suffered from a severe shortage of eggs for many months last year. Once rashly described by Prime Minister Lynden Pindling as "the greatest success story in the history of the Bahamian agriculture," the venture is now under the control of the Bahamas Attorney-General.

If agriculture is backward in the Bahamas, the fishing industry is even more so. At first glance it would seem to have considerable more potential than farming, but it in fact remains a neglected, mostly subsistence-level occupation with little governmental planning or control.

Traditionally a shallow-water industry, it is at present unable to supply fish of sufficient quantity or quality to meet the demands of either the tourist or domestic market. A substantial amount of seafood therefore including locally available species—is imported.

The industry is badly in need of revitalisation, however, as well as accurate assessments of stock, an efficient system of fish inspection and quality control, holding and processing facilities for catches, a training scheme for young people and a financing plan for new vessels and equipment.

One particular illegality which fisheries officials are also trying to halt is "bleach-fishing" for crawfish. Some Bahamian fishermen, who have traditionally caught crawfish by diving in shallow water, have discovered that dumping large quantities of bleach in the sea, or diving and squirting it into coral reefs from plastic bottles, drives the crawfish much closer to the surface where they are more easily caught.

The bleach, in fact, destroys the coral reefs where the crawfish live and sharply diminishes their numbers, but possession of bleach by fishermen is not in itself illegal and catching them in the act of using it for fishing is nearly impossible. The practice became so commonplace last year that a Nassau bleach-manufacturing company took

considerable newspaper advertising space to try to dissuade fishermen from misusing its product.

Assuming that the extremely palatable crustaceans survive onslaughts like this, the present landings of 5.5m lbs could be doubled or trebled, according to senior fisheries officer Ronald Thompson, and the presently untapped resources of deep-water snapper and grouper could yield another 5-10m lbs. The fishing industry in the Bahamas, Mr. Thompson estimates, could be worth as much as \$25m a year.

However, prejudices are hard to overcome and agriculture and fishing in the Bahamas have always been considered an older person's way of life rather than a potentially profitable business.

Nevertheless, the Department of Agriculture has pushed on at the task—helped by a number of organisations including the Commonwealth Fund for Technical Co-operation, the FAO, EEC and Inter-American Development Bank (IDB). A four-year, \$10m U.S. Agency for International Development (AID) scheme in 2000

acres of farmland on Andros has shown considerable success so far. Different grasses and crops, fertilisers, livestock and irrigation techniques were studied during the project, and satellite farms were established to give Bahamians practical experience under the guidance of American experts. Andros, the Bahamas' largest, most fertile island, with the best sources of fresh water, proved to be admirably suited to the scheme.

In the lobby of the Agriculture Department, a notice invites visitors to help the national goal of self-sufficiency in food by 1980. The target is impossibly optimistic (apart from anything else the country imports considerable quantities of rice and wheat flour, neither of which can be grown in the islands successfully) but the intention is laudable.

Optimistic Bahamian agricultural experts believe that the annual food import bill of \$75m could be reduced by some \$40m, whereas at present only 15-20 per cent of the national food bill is produced locally.

J. McC.

The Executive's and Office World

EDITED BY CHRISTOPHER LORENZ

THE NETHERLANDS has a mass of legislation and voluntary codes defining the work force's right to consultation over takeovers and other important developments affecting their company. But despite these overlapping controls there are weaknesses in the system that allow some big fish to swim through the net. More legislation is on the way, but its impact is likely to be so far-reaching that lengthy studies will be necessary before it gets as far as the statute book.

The Dutch merger code is the first, if imperfect, line of defence against undesired takeovers. It came into effect in 1970 and has since been twice modified, in 1971 and 1975. It is administered by the mergers commission of the Social Economic Council (SER), a government advisory body on which the employers, the unions and government nominees all sit. The code lays down that the unions should be informed at an early stage of merger talks. The unions have the right to know the reasons for a merger, the likely social, economic and legal consequences and the measures which will be taken to alleviate any adverse effects.

Before any merger agreement is finally signed the unions must be allowed to give their views on the likely impact of the move on employees' interests. This applies to all companies which employ 100 people or more, including those subsidiaries of foreign companies with a workforce of at least 100 in the Netherlands.

The number of mergers reported to the commission remains fairly constant—412 were dealt with last year. But the number of breaches of the rules has been declining—to 10 in 1977 from 24 the year before. This partly reflects a change in the nature of mergers. Companies are now being forced to undergo restructure because of the unfavourable business climate and the unions are involved in the talks from an early stage. The weakness of the merger code is that the only remedy for breaches open to the Commission is a public reprimand or simply making public the infringement. The ineffectiveness of this is shown by the fact that most of the mergers criticised by the Commission nevertheless still go through.

The SER itself advised last year that this voluntary code should be replaced by a legal framework, possibly with fines for erring companies. This suggestion is now being studied but the changes it would

AT THE WEEKEND the national executive of the Association of Scientific, Technical and Managerial Staffs was considering ways to ensure that unions have a right to consultation in a takeover bid. The move follows the recent bid for Albright and Wilson by the American company Tenneco, to which the union was at first hostile.

A national organiser of ASTMS, Roger Lyons, who wants unions to be consulted before a bid is accepted, says:

Dutch workers have a say in mergers

require in existing company law mean that it will take some time for new legislation to reach the statute book.

A more important weakness of the merger code is that it only applies to public bids for companies. Where one company acquires another by the gradual purchase of shares on the stock exchange both shareholders and employees can be caught unaware since there is no rule governing the disclosure of shareholdings. This is in contrast to the UK where any shareholding of more than 5 per cent in a public company must be disclosed.

The first the outside world knew of Pieter Heerema's interest in construction companies was when he announced that he held about 40 per cent of the Stevin Group and more than 50 per cent of Ballast-Nedam.

Mr. Heerema, a Dutch businessman with a network of offshore engineering companies, had built up these holdings over the past two to three years. The management of Ballast-Nedam reacted by placing preference shares which reduced the Heerema holding to 37 per cent; and the unions began talks to get firm guarantees that the new shareholder would not interfere in the running of the business. But the effectiveness of these guarantees depends entirely on the good will of Mr. Heerema.

Under Dutch law as it now stands company works councils must be consulted about mergers and any other significant economic developments. A draft Bill has just been presented to Parliament aimed at extending the works councils' say in their company's affairs,

but it will do nothing to alter the fact that the law only allows them to be consulted—they have no right of veto. Holland's works council legislation dates back to 1950 and was strengthened in 1971 when penalties were included for the first time.

Works councils—undermingsraden—must be set up in organisations employing at least 100 people who are covered by labour agreements. Large firms may have a central works council, group works councils for major divisions and local councils for individual plants, research centres and sales offices. Employees are eligible for election after they have been with a company for three years under a formula which allows representation of both union and non-union workers.

Deadlock

The main function of the works councils is to advise on major business developments before they are finally decided by management. This covers mergers, factory closures, major cut-backs, expansion or alterations to the company's activities, substantial reorganisations, transfers of work between different locations and long-term co-operation agreements with other companies.

The previous centre-left Government had already presented to Parliament legislation for strengthening works council law when the coalition collapsed early last year and the subsequent prolonged political deadlock halted progress. The new right of centre government has now placed its proposals before Parliament. Basically they follow the pre-

"We want to be at least in an equal position with the shareholders. At present Boards say they cannot consult us because it would infringe Stock Exchange insider dealing rules. We want to extend the collective bargaining with a legislated right to consultation in a takeover."

Consultation with unions is already required during takeovers in the Netherlands and West Germany, CHARLES BATCHELOR, in Amsterdam, explains how the Dutch system works.

While the works council's role remains a consultative one, two important loopholes have been plugged. Management can, under present legislation, exclude works councils from discussions if the "substantial interests" of the company, or of the parties engaged in the talks, are involved. This escape clause will be deleted under new proposals, which are expected to become law by the first half of 1979. Under the new legislation works councils will also get the right of appeal—to the business court in Amsterdam—against management decisions which unreasonably ignore the works council's opinions. The most fundamental proposed change, that a director of the company may no longer be a member of the council, will of course strengthen its independence.

The radical restructuring which many sectors of Dutch industry are now undergoing has frequently brought management into conflict with its workforce. The works council is often prepared to take a softer line than the unions. The Dutch/German chemicals group Akzo secured the support of the central works council of its Enka Fibres division when it presented plans for radical cuts in 1975, while some of the unions were still hostile. But works councils have opposed mergers and other major changes in the past, and won. The West German pharmaceuticals group, Schering, pulled out of talks with the Dutch electrical group, Philips, last year when the group works council at Philips' Duphar subsidiary rejected plans for a

merger with the German company. "Although the employee representatives of Philips Duphar do not have the power of veto, Schering cannot go ahead with plans for the takeover against their will," the company said at the time.

An extension of works councils to firms employing fewer than 100 is now under consideration. The social economic council brought out a report in February which showed that it was generally in favour, although opinions within the council differed on precisely how it should be done. The employers favour a basic set of requirements which could be contained either in a new piece of legislation or in a regulation to be policed by the SER itself. The union representatives are in favour of an extension of the present works council legislation to the smaller companies.

The unions' effort in the 1978 wage round to secure job security agreements as part of the general agreements will also increase their involvement in long-term company planning. But it will not give them any greater control over unexpected bids for companies. The job agreements—or arbeidsplaat-senovereenkomsten (apostrophe short)—are meant to increase consultation between companies and unions over any developments which might affect the workforce.

Mr. Wim Kok, leader of the largest trade union federation, the FNV, admits it might take years for effective steps to become widespread.

The fear lying behind many a management's desire for secrecy is that confidential information would be leaked by the unions, either deliberately or unintentionally. Either way the competitive position of the company could be harmed. The unions are sworn to secrecy under the merger code and this seems sufficient to allow a reasonable degree of openness with the SER's merger commission. Recent trouble at NEHEM, the Dutch restructuring company, which had attempted to reorganise entire sectors in trouble, reveals the limits of this policy. The unions have been refusing to co-operate in NEHEM's activities because of the unwillingness of employers to give information about their activities for fear it would leak out to competitors.

In spite of the many-tiered system of constraints the loopholes still exist. No Government has yet been willing to give the unions, or works councils, the ultimate sanction—a veto on unwelcome mergers.

EXECUTIVE HEALTH

BY DR. DAVID CARRICK

Protection against pestilences

HAVING dealt with those diseases for which certification of immunity is compulsory for overseas travellers (this page, June 19), we now turn to other maladies which can be just as dangerous but where no compulsory exists for safeguarding health.

There are certain rare and exotic diseases, such as plague and rocky mountain spotted fever, which need only be considered if their breeding grounds are to be visited. Far more important are tetanus, typhoid, poliomyelitis and malaria. In my view immunisation against these pestilences should be compulsory.

Tetanus has a world-wide distribution, but is a far greater risk in cultivated lands than in arid areas. Thus it was that, during the First World War, many thousands of soldiers fighting in the rich lands of Belgium and France fell victim to the disease; whereas, in the Second World War, particularly in the Western Desert, cases were few. This was not simply because of superior methods of prophylaxis, but rather because of scarcity of the causal organisms.

The organism responsible, *Clostridium tetani*, is an anaerobic saprophyte, i.e. it is happiest devouring rotten material in the absence of air. Although it has no wish to attack man, it will do so if encouraged. If the clostridia find their way into a deep, airless cut, or a puncture-wound which seals itself behind the penetrator, then there is a good chance that they will thrive upon the flesh that has been destroyed during the injury. Although the organism causes very little bother where it strikes, it unfortunately releases a deadly toxin which invades the central nervous system. This, apart from causing appalling and exhausting muscle spasms, may go further and kill.

Apart from injections to provide immediate active immunity whereby the organism's toxin may be attacked *in situ* if infection exists, long-term immunity can be obtained from three injections of vaccine, the second given some six weeks after the first, and the third about six months after the second. Protection is good, but it is wise to ask for a booster in the event of a wound.

Poliomyelitis was, until a few years ago, one of the most feared diseases afflicting children and young adults—I well remember the horrible summers when I was banned from the cinema by justifiably anxious parents. Death is not very common but paralysis occurs in a few or many muscles, so that the victim may be reduced to a totally helpless life spent in a respirator. Immunity is obtained by the administration of three sugar-lumps in which three drops of the vaccine are placed at six-weekly intervals until a total of nine drops have been given. Immunisation has largely banished the scourge, but it can return like a thief in the night any time. The course should be repeated after three years.

Typhoid fever is common in many countries bordering the Mediterranean—the most polluted sea in the world. Obtained through contaminated milk, water, shell-fish and water-cress, etc., the resulting disease is dangerous, debilitating over a long period and in some cases may remain, rendering the host a dangerous carrier.

Swamp fevers

Immunisation is obtained from two injections at 4-6 weekly intervals. TAB protects against typhoid and, to a lesser degree, against paratyphoid A and B. This combination not infrequently produces unenjoyable malaise in some people which lasts several days. The monovalent typhoid injection (i.e. the same without the A and B elements) is preferred by many G.P.s, who will know which specialist authorities can help.

Malaria—or the malarials—is increasing rapidly and widening its scope. Carried by the Anopheline-type mosquito, it was very common in Britain up to 100 years ago. Many of the old ages, low and swamp fevers and the palisades were in fact malaria. The disease was practically banished by two accidental deaths. In 1807, the Fens, which were badly afflicted, were drained; and some 60 years later the building of the Thames Embankment was completed, also draining away stagnant water, wherein mosquitoes breed.

There are four main types of

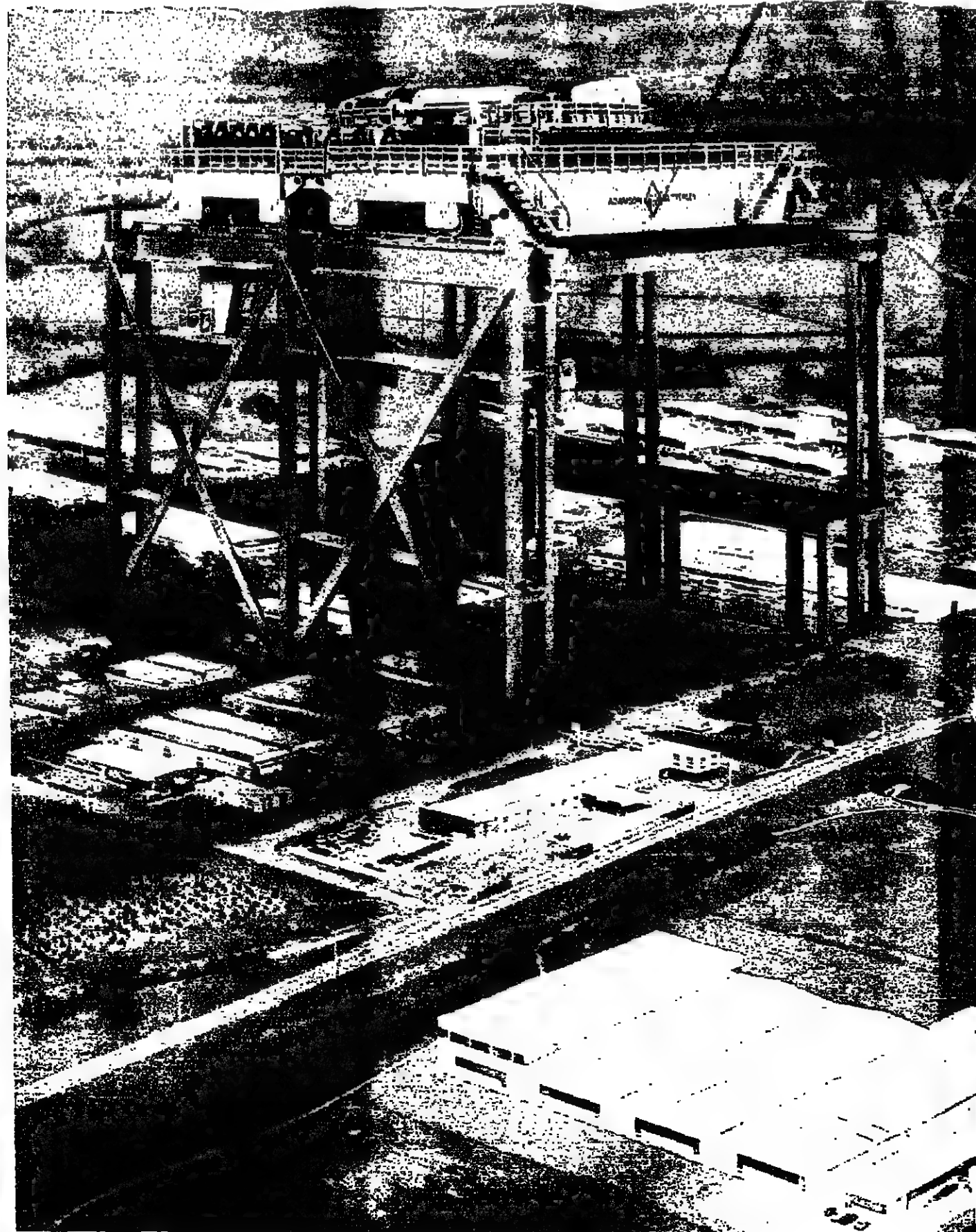
malaria, each caused by different parasites carried by our friend anopheles, the female of which injects the parasites into man while drawing blood for reproductive purposes.

Two varieties cause a minimum of trouble, but both other types can prove fatal. The most common, that caused by *Plasmodium vivax*, is found in abundance in most tropical climates. Even if not fatal, the disease is exceedingly debilitating and has an unpleasant habit of recurring even after many years. Protection is obtained by taking pills, such as Nivaquine, two on the same day two weeks before departure, continuing during the stay and for four weeks after returning. If malaria develops, it can be treated by this and many other drugs in much higher doses for a few days.

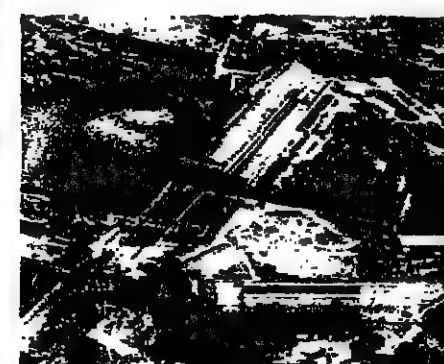
Far more dangerous a parasite is *Plasmodium falciparum*, also transported by anopheles and also found in many of the other malarial areas. It is extremely dangerous and can lead to the so-called malignant malaria, which is not infrequently fatal. Recently a variety of this parasite has appeared in parts of the Far East, Central South America and Bangladesh. Resistant to the usual anti-malarial drugs, it poses a deadly menace. One Swiss firm has produced a drug which, according to the manufacturers, is highly efficacious; unfortunately, it is not yet available in the UK. Other methods exist and for anyone contemplating long journeys to falciparum areas, the question of protection should be posed to their G.P.s, who will know which specialist authorities can help.

Mosquitoes breed in stagnant water and most have a very limited flight range. Any stagnant water should be treated with paraffin, which kills the larvae or nymphs. Mosquito nets are still of value and insect-repellents are useful. But the traveller's greatest risk is at some airport in transit. Famished female mosquitoes know no barriers, nor can they read. It only needs one to fly in and with one tiny sting despatch the unhappy victim to hospital (at best) or to his long rest at the worst.

May I urge you, therefore, not to treat this terrible disease lightly, as it will not reciprocate.



Adamson Butterley, 200 years in Telford and still growing.



Adamson Butterley's Telford plant was founded in 1775, in the same century that the Industrial Revolution began close by in Coalbrookdale. At the time the plant's location was simply described as Horsehay, Shropshire, and for many years the company was known as The Horsehay Company.

Much of the world's first iron fabrication and construction was carried out in the Telford area. Adamson Butterley's predecessors cast sections for the world's first iron bridge, situated nearby in the Ironbridge Gorge, so it is hardly surprising that for many years The Horsehay Company specialised in the manufacture of bridges and heavy fabricated structures.

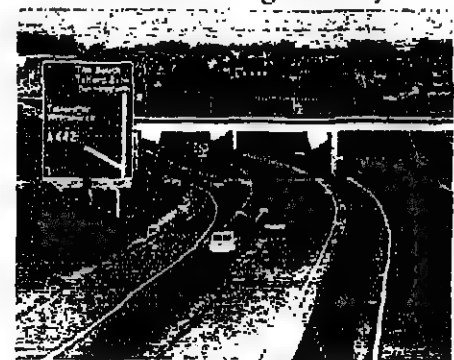
Now the company, part of the powerful Norcross Group, is world renowned for the design and manufacture of specialised heavy cranes, ship unloaders, material handling equipment, bridges, mining equipment, and water control equipment. The steady growth in Telford over the years has

been particularly strong since 1967, when considerable expansion and investment began. The company—recently renamed Adamson Butterley—now employs the most advanced techniques and a large skilled workforce at Telford to maintain its lead in its various product markets.

Telford Development Corporation can hardly claim to have tempted Adamson Butterley to Telford—but the company's continued expansion and investment in the area underlines Telford's viability as a place to do business successfully.

Joe Matthews, Commercial Director of Adamson Butterley, says "We've plenty of confidence in the future—both in our own business and in Telford. We're well situated, both for the U.K. and our many overseas markets. There's an excellent workforce, and plenty of room for expansion. And people seem to enjoy living in Telford. I'd certainly recommend anyone thinking about a business move to look more closely at Telford."

Telford's advantages are easy to



summarise—the right factories, the right people, at the right time and in the right place. If you're thinking of moving, expanding, or just opening—think Telford.

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هكذا من العمل

Phelps/Edward

The recital on Friday evening, part of the current 20th century music festival at St. Bartholomew's, was undertaken by the Park Lane Group and was given by young musicians who had made their mark during one or other of the annual PLC Young Artists series in the Purcell Room. The highlight was a strong and searching performance by an admirably gifted young cellist, Melissa Phelps, and her pianist John York, of Elliott Carter's Cello Sonata.

This austere, always exhilarating work demands a thoroughly stocked technique from the performer, a plastic sense of phrasing beyond the demands of the notes, from the pianist, forwardly propelled rhythms, a glancing touch and an ability to change gears from one kind of rhythm to another without flinching. Friday's was a well-practised performance, forceful and vigorous. If there seemed, in second and fourth movements, any slight want of the jazz-like lightness that lends the music much of its special, very American character, this may have been the effect of the reverberant acoustics—Carter's lean, limber textures were clear, not as well-ventilated as one knows they should be.

Earlier, Miss Phelps and Mr. York had played Martin's first Cello Sonata, an ingenious and thoroughly worked essay in a kind of lyrical neo-classicism (What a chameleon Martin was!). Here, the effect was persistently blurred—either the pianist was employing too much pedal, or the piece "lay" badly for performance in the church. The recital was shared by the clarinetist, Philip Edward, who, with his pianist David Ewyn, gave impressively mercantile and wide-ranging accounts of Maxwell Davies' wild and brilliant *Hymnos* and Birtwistle's dreamlike fantastic *Voces*, and a sympathetic one of Bax's cloudy, tedious *Clarinet Sonata*; and who, on his own, showed himself a thoroughly schooled (if not always very characterful) player in Richard Rodney Bennett's typically fluent, well-made *Scena III* for clarinet solo. Latecomers should not have been allowed to find their seats so noisily during the first item, even if they helped to swell a tiny audience into double figures.

MAX LOPPERT

Vega Wind Quintet

There are concerts even at lunchtime on Saturdays during the current, relentlessly intense St. Bartholomew's Festival of 20th-century music. Fortunately, problems of digestion (for both music and lunch) were avoided this weekend by a strictly caloric programme of music for wind quintet, despatched with racy precision by the talented Vega Quintet.

We heard for the first time the *Variations for Wind Quintet* by the ensemble clarinetist, Charles Hine. Almost too skillful a piece, this juxtaposed in its tonal variation sections all the possible permutations of timbre which can be derived from a wind quintet. Flute and oboe intervene dissonances above the clarinet, then flute and clarinet directed (punctuated by little flourishes from the lower instruments); in the slower sections, horn and clarinet, and later horn and flute were worked together to great effect while in quicker sections deftly altered rhythmic patterns were tossed around throughout it all, the oboe's opening melody was reworked

NICHOLAS KENTON

Festival Hall

Menuhin School

There was a full house to greet the Menuhin School orchestra on its annual South Bank appearance, and no wonder. The quality of the playing was to astonish and to delight by reason of its combination of accomplishments. The pupils have been admirably schooled in the art of playing together (almost all of the time, save for a few bars of silencing semiquavers in the first movement of the *Divertimento*, K180), in tune, and with a tone of wondrous lucidity, lightness, and grace, beautifully blended. Under Peter Norriss, the performances are also impressively undisturbed by mechanical undertakings, learned by rote, and the naturalness that is always the particular pleasure of the musical execution of very young performers is here the crowning virtue. This year's concert programme was chosen less inventively than in the past. Menuhin himself was soloist in *The Four Seasons*, of all the unimaginative selections; there was no new work specially presented for the occasion. Even so, Mozart, Barber, Bartok and Vivaldi

MAX LOPPERT

Haymarket

A Family

by B. A. YOUNG

The dominant Jewish mummy is a traditional figure in current drama. Usually she is comic. In *A Family*, Ronald Harwood has substituted a dominant Jewish father, and he is far from comic. Ian Kiner (Harry Andrews) is so determined to rule over a tribe of his own that he has turned them all, including those who marry, into social robots held together by a family vacancy that assimilates them, as inevitably as atoms in a molecule, into his prescribed pattern. The subject of the play is the attempt of a granddaughter to wrench herself free.

Paula (Celia Green) is the daughter of Margaret, the middle of three children by the kindly wife Emma, a draper of malapropisms like "phlogenic amnesia," and naturally played by Irene Handl. We see little of Paula until the last quarter of the play, for she is charming, ill, staying in bed, refusing food, declining contact. Lucie Freddie (Paul Scofield), a doctor, is the one who gets through to her. During the war he escaped from an Italian prisoner-of-war camp and joined a band of partisans. The irresistible Ivan, though 45 years old and only a captain in the RASC, somehow got himself flown to the partisans' headquarters, parachuted down to them, and reclaimed his son. But Freddie was about to marry an Italian girl, and the rescue has tormented him in his head ever since. He knows what Paula's problems are and how to treat them.

I have sympathy with the theme, and the appalling weight of family loyalties is convincingly displayed by the family members. But the family, in its private disputes, must be subordinated to the overall

responsibility. Paula's mother and father (Eleanor Bron and Gary Wadsworth) are not speaking. Millicent, the younger sister (Sally Bazel), aims at smartness while her husband (Trevor Peacock) contents himself with cooking the meals. But one word from Ivan and they all come to heel: all that is, but Freddie. Freddie, an eccentric whose mind is filled with audible recollections of Italy 33 years before, and who constantly breaks off communication to hum a single snatch of opera or to listen in his mind to gunfire or the entreaties of his lost Adela, only goes through the motions of playing the game, and when he sees his chance of setting Paula free, by pretending to believe in

her illness and sending her to hospital, he sends her, and forbids visits. The cast is a strong one, but the play, as Dr. Johnson once said, has not yet enough to keep it sweet. The first act is virtually all devoted to the introduction of the characters. We learn that Ivan is to announce a great surprise, which turns out to be a celebration of the 33rd anniversary of his son's liberation; and Freddie declines the invitation. Only later, when Paula suddenly threatens to slash her wrists with broken glass and then runs into the street in her nightdress, does action stir, and the hints of Ivan's improbable military exploit solidify into a

long retrospective account of it by his hero, intended to lift Paula from her lethargy. By then, though, interest in its has already begun to slacken. The coda showing the old man's death and Freddie's and Paula's reaction to it comes too late. We do not care much; and in any case Freddie, to whom even Mr. Scofield cannot impart any great vitality, is really the centre of the story.

Casper Wrede is the director, and the designs, straightening out the set from the Manchester Royal Exchange's circular stage to the Haymarket's straight one, are the work of Peter Benilton, who has sensibly confined himself to the minimum of necessary furniture and no more.

Paul Scofield and Harry Andrews



Samira Saidi and Mark Welford

Covent Garden

Royal Ballet School

by CLEMENT CRISP

The Royal Ballet School's performance at the Opera House on Friday evening, and the week-long engagement at the Wembley Theatre which begins tonight, are our annual opportunity to assess, guess and hope about the Royal Ballet's next generations. As is now traditional, we began on Friday with the Lower School irresistible in folk dances. It is an occasion for the boys from White Lodge especially to shine: they are a legion of excellently drilled, happy, spunky chaps with quick neat footwork and masses of bounce. An innovation this year, and one to be deplored, was an outbreak of rag-time dances. With girls got up in cheap stiletto and boys looking like Hollywood's idea of a 1910 barnyard, we and the young dancers were subjected to the Bunty Rug, the Kangaroo Hop, and other items combining archness and vulgarity. In everything else the children looked gifted: tripping through these tasteless relays they seemed like dashing adults, unobtrusively precocious. But this was a brief fall from grace: in all else the display was splendid, and as last year, I must salute the elegance and instincts of Michael Clark in a sword-dance.

There followed the Upper School in three difficult ballets: *Les Sylphides*, *Divertimento*, and *Birthdays*. Offering that they were so well achieved seems to me a tribute not only to the students but also to the care in preparation by their teachers. Of exceptional interest was the *Sylphides* (which folkings made for his students 70 years ago), staged and taught by Dame Alicia Markova. Contact with the great ballerina meant that the steps were not just meticulously presented: style, nuance, the imagery behind the dances, had been lovingly transmitted. It is heartening to see young dancers giving so poetic an account of this demanding ballet, and bringing back a bloom to the choreography that is often rubbed off in routine performances from more experienced dancers. In the *Birthdays* (how rich the Royal Ballet was in 1908, with Fonteyn, Grey, Elvin, Nerina, Beriova, Field and Jackson), the school lacked neither audacity nor confidence. The

jump, fine line, and she has acquired something of that delicacy in phrasing that was so unforgettably Markova's: she is already an artist. Andrew Ward has not yet all the polish for the man's solo—few dancers have—but his manner, his feeling for the idealism of the role, was well judged. Julie Rose was lithe, easy in the little waltz, Dido Nicholson was a delight in the Prelude. There is a sweetness here, and pretty feet, and a delicate quality very hard to define which gave an immediate and mysterious appeal to her account of this most emotionally difficult of solos.

The revival of *Divertimento* after more than a decade in limbo was sound. It is a taxing work in which the combined talents of Beriova and MacLeary, Maryon Lane and Graham Usher used to ring splendidly out. Once again extra coaching (from Beriova and MacLeary) brought rewards: Clare Shepherd Wilson and Ashley Wheatley, Julie Rose and Roland Price did well. It was a pleasure to see Philip Prowse's haunting architectural *capriccio* of a set again, and no less a pleasure to see Roland Price for the first time. In Graham Usher's role he looks very young, with long, polished legs and a style which, like his body, is still taking shape. But how he dances! He has a big, broad jump; his legs flash up in an exceptionally high extension; he has speed, and a mercurial flow of movement. At the moment there is something touchingly natural about his dancing—the looks like a young antelope, soaring and bounding with elastic ease. This is a clear and unusual physical gift that will need to be nursed and cosseted for some time to come. But if he is kind—and I hope that he will smile on each and every one of these apprentices—we shall have a very considerable dancer to salute within five years.

In setting its students the challenge of the seven tailor-made ballerina variations in *Birthdays* (how rich the Royal Ballet was in 1908, with Fonteyn, Grey, Elvin, Nerina, Beriova, Field and Jackson), the school lacked neither audacity nor confidence. The

performance justified the choice: the girls were attractive in showing off the solos and their clean, still-fresh-from-the-studio dancing seemed to polish each of these pretty choreographic bibelots. Samira Saidi was serene in the Fonteyn role and I offer special thanks to Karen Falvey for her buoyant, happy ease with the final solo. The seven cavaliers leapt into the Mazurka like heroes.

Redbrass in London

Redbrass, the ten-piece band which combines jazz, rock and other musical styles, is giving a rare London concert on Sunday, July 16, at the Young Vic Theatre.

The concert is designed to give London audiences a chance to see the kind of show that provincial audiences at arts centres and colleges see from this group. Redbrass consists of seven men instrumentalists plus three women vocalists who double on instruments.

CC—These theatres accept credit cards by telephone or at the box office.

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The case for competition

TWO MONTHS ago the Government published the results of an interdepartmental study on monopoly policy which recommended a somewhat tougher approach towards mergers. Although the authors saw no need for drastic changes in present policies and procedures, they argued that more weight should be placed on competition: "the implication was that too many mergers with potential anti-competitive consequences had been allowed through."

Co-operation

The contrary argument emerged in a paper prepared by the National Economic Development Office. According to this view, the strict application of competition policy must not be allowed to conflict with the requirements of the Government's industrial strategy. In some sectors, the NEDO paper suggests, there is a need for larger groupings, for rationalisation or for other forms of co-operative action between companies if industrial efficiency is to be improved. Existing rules on mergers and restrictive practices may be preventing some desirable co-operation from taking place. Far from making the rules stricter, the Government should consider relaxing them in certain respects.

Neither the Green Paper nor the NEDO study want to change the pragmatic, case-by-case approach to mergers. Both accept that a judgment has to be made between the anti-competitive effects of a merger proposal and the efficiency gains which may arise from it. The authors of the Green Paper were impressed by evidence which showed that in several mergers, especially large-scale ones, the forecast gains in efficiency had not materialised. In some cases, the merger had seriously weakened the companies involved. But it is equally possible to point, as the NEDO paper does, to successful mergers which have led to an improvement in competitiveness.

The evidence, in short, is inconclusive. But the experience of the past decade does justify a certain scepticism about industrial restructuring.

Russians test Carter

PRESIDENT CARTER faces another stern test of his mettle following Moscow's decision to start the trials of two of the most prominent Soviet dissidents, Mr. Anatoly Shcharansky and Mr. Alexander Ginzburg, this week. It is hard, in the circumstances, to interpret the Soviet decision as anything other than a calculated act. In the first place, the Soviet authorities have charged Mr. Shcharansky with espionage, despite President Carter's personal denial that he ever worked for American intelligence. In the second, they have chosen to stage the trials in the very week in which Mr. Vance, the U.S. Secretary of State, is due to meet Mr. Andrei Gromyko, his Soviet counterpart, for important talks in Geneva.

Moderate

The hope had been that the Geneva meeting would not only help to resolve outstanding issues in the negotiations for a new, and long overdue, strategic arms limitation agreement (SALT II) but also set the tone or an improvement in the generally strained relations between the two super-powers. Recent weeks have seen sharp diplomatic exchanges, in which each side has made serious espionage allegations against the other and two American journalists in Moscow have been accused of libelling the Soviet Union—to say nothing of the tensions that have arisen over Soviet-Cuban intervention in Africa.

Washington's response to the news of the trials, though angry, is still so far from being in line with the moderate approach of Mr. Vance than that of the more hawkish Mr. Zbigniew Brzezinski. President Carter's national security adviser, Mr. Vance has issued a tough statement condemning the Soviet action, and two official American visits to Moscow have been called off. Mr. Vance will so deliver a protest note from President Carter to President Gromyko. But there appears to

Implications

At the same time, Moscow is re-emphasising its own interpretation of détente. The end of the cold war, in the Russian view, does not mean an end to ideological confrontation. Still less does it mean that Washington is entitled to "interfere" in internal Soviet affairs by means of human rights campaigns. At the end of the Belgrade security and co-operation conference earlier this year, Mr. Arthur Goldberg, the chief U.S. delegate, said that if Moscow put Orlov and Shcharansky on trial, it would be "making a mockery" of the human rights provisions of the East-West Helsinki Agreement of 1975. Now that it is happening, President Carter cannot avoid assessing the implications for his policies towards the Soviet Union and his human rights offensive.

The shadow boxing over Britain's ports policy

BY IAN HARGREAVES, Shipping Correspondent

THE VIRTUAL bankruptcy of Labour Ministers for the docks has been accepted with a complacency partly explained—but not justified—by the reasonable financial performance of the national ports industry in recent years, and by the fact that the industry employs fewer than 67,000 workers, compared, say, with the 240,000 on the railways.

But it is the deeply held view of some in the industry that the docks, having emerged shaken but still largely intact from a decade of dramatic change, are again facing a period of new challenges. These, they say, can be tackled not only by local solutions but only by the creation of a central strategy for all the ports.

This thinking looks like being put to the test because the Government is now under pressure to decide the future of London's Upper Docks before the summer recess. It has been told that the Port of London Authority must close the Royal Docks early next year. This closure would mean the loss of over 2,000 jobs and even then the Authority says it will require immediate Government assistance of £60m to cover severance pay and losses over the next five years followed by a continuing subsidy from 1983 of between £1m and £4m a year.

Sir John Cuckney, the Authority's chairman, has made it clear to the Government that the only way to ensure the future viability of the port is to close both Upper Dock complexes and that if the Government cannot accept the social and environmental effects, which a double closure would entail, it must pay for its political decision.

Successive plans

Politically, ports policy is the late evening shadow of Labour Transport Ministers. It emerges long and sharp towards the end of an incumbent's period of office, when more important matters have been duly disposed of, only to vanish in the next reshuffle or change of administration.

In this way, the industry has had successively the Castle, Marsh and Mulley plans, which were rumoured upon but not quite cast into a firm shape by the subsequent minister, Dr. John Gilbert. Now, it is the turn of Mr. William Rodgers. He will shortly receive a wide-ranging view of the industry's affairs from the National Ports Council, a quasi-Government body with much power set up by the Conservative Government in 1964.

Behind all these designs of

slumped from 35.1 per cent to 11.8 per cent in seven years with the imports share down from 19.1 per cent to 10.8 per cent in the same period. Its reserves have evaporated from £54m to £2m in five years as the port's land-bank has run out of funds, and Sir John Cuckney, its chairman, reckons it is capable of losing more than £70m in the next four years if nothing is done.

The financial picture at the other large, traditional ports is not so gloomy as that of London, but gives no cause for optimism. Bristol, now feeling the financial effects of its large Royal Portbury extension, slid into deficit this year and is being accused of undermining other ports' rates in order to attract business to the new facilities. Mersey Dock and Harbour, having been rescued by the Government with £50m of loans, made its second consecutive profit last year, but its chairman has warned that 1978 will be more difficult.

At the moment, the financial picture is probably more bad enough in itself to convince any government that widespread changes are necessary. When world trade picks up, some of the financial pressures should get easier.

One of the main reasons why ports have found it so hard to control costs during periods of

PRODUCTIVITY COMPARISONS

Tons of cargo moved per:	Net man	Net gang
hour	hour	hour
Antwerp	2.4	29
Rotterdam	2.3	21
Bremen	2.3	18
Grangemouth	1.9	18
Tees	1.8	14
Hamburg	1.8	15
Avonmouth	1.2	12
Glasgow	1.1	11
Hull	1	11
Liverpool	0.9	10
London	0.9	10

Source: Unpublished study by National Ports Council, General Council of British Shipping, British Ports Association. All figures normalised to offset anomalies in cargo and situation.

recession when revenue is under pressure and thus to avoid slipping into deficit is the inflexibility of the Dock Labour Scheme.

Last year, 9 per cent of all registered dockworkers were surplus to requirement and for ports such as London, where the average surplus is in excess of 20 per cent, the financial burden of the system is intolerable as surplus men still have to be paid. Although the Government's £30m voluntary severance scheme in 1972 and subsequent schemes financed by the ports with the help of Government loans have helped to reduce unwanted manpower,

So it is not difficult to see why London is in trouble. Its share of UK exports by value has

SELECTED PORTS: PERFORMANCE INDICATORS

BRITISH TRANSPORT DOCKS

	1970	1971	1972	1973	1974	1975	1976	1977
(19 Ports) traffic (m tonnes)	87.5	80.7	83.6	89.7	84.8	77.2	83.5	77.2
Net pre-tax surplus/(deficit) £m	4.5	7.6	8.4	11.7	12.1	12.5	25.0	29.0
* Return on capital %	3.5	5.6	6.1	7.6	7.8	8.0	15.5	16.8
DOVER								
Traffic (m tonnes)	1.9	2.1	2.4	2.8	3.3	3.6	4.0	5.0
Surplus/(deficit) £m	0.6	0.7	1.0	0.9	0.9	1.4	1.9	2.1
Return on capital %	10.7	10.5	12.7	11.0	11.4	14.2	14.0	13.9
LIVERPOOL								
Traffic (m tonnes)	27.3	30.5	25.6	25.9	24.4	22.5	21.3	18.5
Surplus/(deficit) £m	(3.0)	1.3	(1.9)	(2.5)	(0.9)	(8.0)	(4.4)	4.1
Return on capital %	1.8	5.3	1.7	0.8	0.0	4.5	10.3	9.0
FELIXSTOWE								
Traffic (m tonnes)	2.2	2.3	2.7	3.4	3.7	4.1	4.4	4.7
Surplus/(deficit) £m	0.3	0.5	0.7	1.0	0.5	0.8	0.0/0.9	1.5
Return on capital %	4.0	6.7	8.1	8.2	3.8	3.8	5.34	9.5
LONDON								
Traffic (m tonnes)	57.0	53.0	48.0	51.0	45.0	41.0	44.0	51.0
Surplus/(deficit) £m	(2.8)	3.7	3.0	10.8	(1.9)	(35.3)	(6.7)	(8.0)
Return on capital %	1.7	3.4	4.1	3.2	2.4	0.0	4.0	3.4
BRISTOL (EXCLUDING PORTBURY)								
Traffic (m tonnes)	4.2	3.7	3.6	3.4	3.4	3.6	2.8	2.6
Surplus/(deficit) £m	(0.2)	0.0	0.1	0.0	(0.1)	0.0	0.2	(3.4)
Return on capital %	3.7	6.1	5.6	6.5	5.9	8.2	13.9	7.2

* Return on capital is calculated before interest charges.

† July 1975-April 1976.

‡ April 1976-Dec. 1976.

it has still proved difficult and in some cases impossible to get men to move to the area of a port where there are jobs and to work flexibly once they have arrived.

The most important point about the ports' manpower position is not, however, the cost of surplus labour but efficiency. There is no doubt that the strike record of the industry is much improved, with an average of 102 restricted dockworkers in dispute in 1976 and 281 last year. In 1975, the figure was 1,102 and in 1972 it was 3,273.

Shipowners, however, complain that UK ports seldom work round the clock shifts, unlike many Continental ports, and that poor time-keeping continues to be a drain. In short, the argument is that the ports have bought out much excess manpower without buying better productivity.

No official figures exist, but last year the National Ports Council, the British Ports Association and the General Council of British Shipping produced a secret report, parts of which have since become public. This backs the shipowners' case and shows some British ports in a deplorable position, with cargo unloading rates three times worse than Antwerp. The figures in the table, taken from the report, are adjusted to allow for anomalies in load types. Another section of the report showed that no UK port in the study loses less than 25 per cent of time for bad weather and poor time-keeping. The figure for Antwerp is 7 per cent.

Port authorities have dismissed the figures as meaningless, arguing that they compare like with unlike and omit crucial considerations such as the position of ports in a ship's discharging run (it is easier to unload cargo from the top of holds).

Continental ports are more expensive than British ports but this, shipowners assert, is mainly the result of relative currency strengths. It is unlikely, however, that productivity problems require nationalisation or even reorganisation for their solution, although it may be true that a bigger organisation with better career possibilities would attract better management. The key issue on which the reorganisation / nationalisation argument turns is that of port capacity and the question of in-

vestment in new, and disinvestment in old, facilities.

At present, the Ports Council filters all investment projects over £1m and makes sure that rates of return acceptable to the Treasury are in prospect. The Council has, however, never gone in for summary judgements on the capacity question—although its forthcoming report will touch upon the subject. Moreover, it has ignored a central requirement in the 1964 Harbours Act under which it was established laying down a requirement for the NPC to produce regular strategic plans for the industry.

The council says such a central planning function is impossible on present data and would be unjust when the industry is divided into numerous, small, autonomous units. It may be possible to identify the fact that the 20m tonnes per annum of conventional general cargo predicted to be available in British ports after 1980 is far below the total capacity available, but it is impossible to predict which ports it will move through because that depends upon customers' decisions, which in turn depend on ports' efficiency, pricing structures and geographical positions.

There is no stated Government or NPC policy on this matter, but it is interesting to note that both bodies have been prepared to consider adding capacity or preventing capacity from disappearing on a number of counts. By far the biggest investment permitted was Bristol's £32m Royal Portbury Dock, which was eventually allowed through after a succession of rejected plans, mainly on the grounds of undercapacity at Bristol's other docks.

More recently both the Government and NPC have supported the building of a new facility in Pembrokeshire, for Bell Lines of Ireland on the grounds that the port was commercially essential for the work. Mr. Rodgers also agreed to put £2m into Preston in order to dissuade the local authority from closing this port down.

This was a clearly political decision, with no apparent national benefits in terms of port facilities, and one which will no doubt cost more taxpayers' money in the long run.

All of these decisions can be defended from some standpoint. But they illustrate better than any other single piece of evidence the random nature of Government's approach to port planning. Probably it is too late now to start with grand designs for the industry. The roads are built, for the most part, and the railways are closed—again with not much evidence of a ports infrastructure plan.

At present, the Government's thinking about the PLA is that an entirely conventional solution is possible: a solution based on guaranteed loans to resolve the cash crisis and to back further voluntary redundancies. If as expected the Government does opt for the conventional solution it will mean that this piecemeal approach will continue.

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"Why are we always the last to know?"

Fresh gamble

Stock exchanges like to present themselves as homes for investors rather than punters, so a number of eyebrows were raised last week in New York where James Needham, former chairman of the city's stock exchange, accepted a directorship of Caesar's World. This is one of the largest gambling operators anywhere. It has a neon-flooded emporium of green baize and slot machines in Las Vegas. It is planning to grab some of the action in Atlantic City, New Jersey: the state's authorities have just decided to emulate Nevada.

Father time

Back at home, our own Stock Exchange has seen a change, with the 55-year-old Ernest Boxall succeeding to the title of Father of the House. He entered the floor in 1908 and told me that naturally only a few of his clients remain.

Though blind for 20 years he says he still stays in contact with his old clients "to keep active and keep my brain alive". The Stock Exchange's oldest (partially) active member does his work by telephone. He has never been in the new building opened ten years ago.

Dutch treat

The most remarkable success story of 1978 in the retail grocery business must be that

of Brian Chapman aged 31. He tells me that his company's rate of turnover has risen from £1m a year last December to nearly £10m now. Chapman has just begun challenging Cadbury's with his own brand of drinking chocolate, but his breakthrough depends primarily upon instant coffee. When prices were at their peak, Chapman burst upon the market with a brand named Vendona and undercut Nescafe and the other leading brands by 20 per cent or more.

A former advertising man with a borisious insouciant air, initially Chapman looked like someone who had struck a bright idea but would quickly vanish without trace. It has not happened.

A chance meeting with a rival in the supply of instant coffee for vending machines was the germ of Chapman's success. The rival was Paul Daniels and Daniels' company now has a stake in the Vendona operation and looks after its administration. It provided a crucial introduction to Sainsbury's, whose supermarkets were Chapman's springboard.

Sudden success has not married Chapman with an air of tycoonery. When I asked him what his next plans were, he replied: "I've got a lot of carpentry to do on my house in Richmond."

Sunny spell

Given the unpredictability of Europe's summer so far, the confidence shown by the latest report of the Compagnie Francaise du Sucre deserves applause. It starts: "Confidentially and for restricted use: We predict that no drought will affect the European beet crop this year."

Observer

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FINANCIAL TIMES

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WestLB Euro-Deutschebank Pages 24-25

The Association of International Bond Dealers (AIBD) compiles current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields

are compiled from quotations obtained from market-makers on the last working day of each month: there is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone

between dealers scattered across the world's major financial centres. Membership of the AIBD (which was established in 1969), comprises over 450 institutions from about 27 countries. A key to the table is published opposite.

Eurobonds in June

BY MARY CAMPBELL, Euromarkets Editor

The focus in the international bond markets has moved sharply in the last couple of months away from the traditional fixed interest rate dollar and D-mark bonds. Several kinds of issue which were of hardly more than marginal interest previously are now dominating activity.

During June the main areas of activity moved to the floating rate notes and convertibles—particularly convertible bonds for Japanese companies. There were also surges of activity in a few lesser currencies.

This was despite far from dismal secondary market performances both in U.S. dollar bonds and D-mark bonds. As U.S. dollar interest rates moved ever higher, and the currency fell ever further, a constant refrain was the way prices were holding up in the dollar secondary market.

Eurodollar inter-bank interest rates rose by 1-1/4 per cent during the month while U.S. prime rates rose three-quarters of a point. The trade-weighted depreciation figure for the dollar (as calculated

by Morgan Guaranty from a 1971 base) widened from 5.62 per cent to 7.2 per cent. Against the yen the dollar's performance was really spectacular—the number of yen to the dollar fell from over 231 to under 204 marking an appreciation of some eight per cent.

Although dealers reported some seasoned bonds beginning to come out of the woodwork for the first time in several years, the movement of the Bondtrade indices was slow and stately: yields on medium term bonds rose only about ten basis points and yields on long term bonds by under 20. At the beginning of June the yields on the Bondtrade Index were well ahead of the six month Euro-dollar rate; by the end they were well below it.

The failure of the bond market to fall as short term rates rose precluded significant fixed rate issuing activity.

The D-mark sector was bedevilled by weakness in the domestic German capital market. Again, the reaction among the foreign bonds was muted by comparison. But this, together with the overhang from

May's closure of the market, also meant many fewer new issues than customary in recent years.

Given the shortage of traditional new issue opportunities, the expansion of the convertible and floating rate note sectors was perhaps a logical development. Nonetheless, by the standards of past periods of high interest rates it was by no means predictable. The FRN was after all introduced many years ago—by ENEL in 1970: it is only in the last few weeks that it has proved its capacity to replace the traditional fixed rate market.

Developments during June were notable in two big respects. One was that the range of issuers widened considerably—to take in several sovereign credits on top of a big increase in bank issuing activity, though not—yet—non-banking companies.

Also significant was the extension of maturities in this sector to fifteen years by Midland's issue. Maturities have gone out to twenty years since then.

For corporate credits, the route to capital-raising has been the convertible. The U.S. stock market has this year been surprisingly ebullient for an era of rising interest rates while the Japanese stock

market has moved only upwards in recent weeks. Japanese companies have dropped straight bond issues almost entirely and turned to convertibles on a very large scale—particularly in D-marks.

Given the rising yen and rising Tokyo-Dow Jones index, demand for Japanese convertibles has been running at very high levels. The coupon level on D-mark denominated convertibles has been brought down to 3 1/2 per cent while all the issues have moved to high premiums in after-market trading. Ito-Yokado's New York convertible issue also moved to a big premium.

The effect of the appreciation of the currency on the yen fixed rate bonds has however not been so favourable. For the first time in months, the element of currency speculation which had maintained the constant demand for yen bonds began to die down, as the currency rate approached the psychological Yen 200 figure.

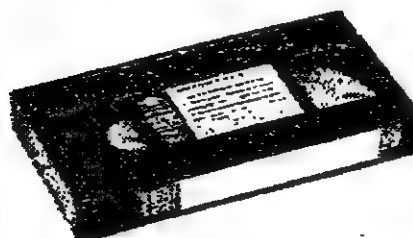
Among the lesser currencies, the Luxembourg franc consolidated its niche during the last month. It is symptomatic of today's market that at one stage there were three fixed rate issues on offer in Luxembourg francs—more than were on offer in the dollar sector.

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Affiliates: Paris, Zurich, Honolulu, Jakarta, São Paulo

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THE BANKER THE PROFILE

BANKERS TRUST INTERNATIONAL LIMITED
50-60 New Broad Street, London EC2.
Dealers' Telephone: 588 6301-5. Telex: 883042.

هكذا من العمل

<i>Dewar & Associés International Société Anonyme</i>	<i>Dillon, Read Overseas Corporation</i>	<i>Dresdner Bank Aktiengesellschaft</i>
<i>European Banking Company Limited</i>	<i>First Boston (Europe) Limited</i>	<i>First Chicago Limited</i>
<i>Goldman Sachs International Corp.</i>	<i>Groupement des Banquiers Privés Genevois</i>	
<i>Hessische Landesbank Girozentrale</i>	<i>Hill Samuel & Co. Limited</i>	<i>IBJ International Limited</i>
<i>Japan International Bank Limited</i>	<i>Jardine Fleming & Company Limited</i>	
<i>Kreditbank S.A. Luxembourgeoise</i>	<i>Kidder, Peabody International Limited</i>	
<i>Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)</i>	<i>Kuhn Loeb Lehman Brothers Asia</i>	
<i>Kuwait Investment Company (S.A.K.)</i>	<i>Kuwait International Investment Co. S.A.K.</i>	
<i>Lazard Frères et Cie.</i>	<i>Kuwait Pacific Finance Company Limited</i>	<i>Lazard Brothers & Co., Limited</i>
<i>McLeod, Young, Weir International Limited</i>	<i>Lloyds Bank International Limited</i>	<i>Loeb Rhoades, Hornblower International Limited</i>
<i>Merrill Lynch International & Co.</i>	<i>Manufacturers Hanover Limited</i>	<i>Maring Midland Limited</i>
<i>Morgan Stanley International Limited</i>	<i>Samuel Montagu & Co. Limited</i>	<i>Mitsubishi Bank (Europe) S.A.</i>
<i>The Nikko Securities Co., (Europe) Ltd.</i>	<i>Mitsui Finance Europe Limited</i>	<i>National Bank of Abu Dhabi</i>
<i>Norddeutsche Landesbank Girozentrale</i>	<i>New Japan Securities Europe Limited</i>	<i>The Nippon Kangyo Kakumaru Securities Co. Ltd.</i>
<i>Pfaffmatten Rothschild Bank AG</i>	<i>Nomura Europe N.V.</i>	<i>Olsson Securities Co., Ltd.</i>
<i>Saba Bank (Underwriters) Limited</i>	<i>Orion Bank Limited</i>	<i>Pierson, Holding & Pierson N.V.</i>
<i>Skandinaviska Enskilda Banken</i>	<i>N. M. Rothschild & Sons Limited</i>	<i>Soloman Brothers International Limited</i>
<i>Société Générale de Banque S.A.</i>	<i>J. Henry Schroder Wagg & Co. Limited</i>	<i>Singapore-Japan Merchant Bank Limited</i>
<i>Tokai Kyowa Morgan Grenfell Limited</i>	<i>Smith Barney, Harris Upham & Co. Incorporated</i>	<i>Société Générale</i>
<i>Verein- und Westbank Aktiengesellschaft</i>	<i>Svenska Handelsbanken</i>	<i>Swiss Bank Corporation (Overseas) Limited</i>
<i>Weko Securities Company Limited</i>	<i>Trinkaus & Burkhardt</i>	<i>Union Bank of Switzerland (Securities) Limited</i>
<i>Westdeutsche Landesbank Girozentrale</i>	<i>Vickers, de Costa International Limited</i>	<i>Wardley Limited</i>
	<i>S. G. Warburg & Co. Ltd.</i>	<i>Yamamoto Securities Co., Ltd.</i>
	<i>Wood Gundy Limited</i>	

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INVESTMENT FUNDS

The following funds include Eurobond issues within their portfolios

**Quotations & Yields as at
30th June, 1978**

EUROBOND HOLDINGS N.V.
DELEKADE 74 WILLEMSTAD, CURACAO

ion Agents: Intel 15 Christopher St. EC2
Tel: 01-247 7243 Telex: 8814408

NAY JUNE 30 SUS 20.25

SOCIETE GENERAL De BANQUE
BANQUE GENERALE Du LUXEMBOURG

Fund	Price	First Issue Price	Yield %	Div. Date
Reninvest	LuxFr 885	LuxFr 1000	8.27	21 Nov (198-)
Capital Reninvest	LuxFr 1380	LuxFr 1000	(Capitalisation)	
	1977/78		1975/78	
	High	Low	High	Low
Reninvest	LuxFr 917	LuxFr 839	LuxFr 917	LuxFr 811
Capital Reninvest	LuxFr 1380	LuxFr 1238	LuxFr 1380	LuxFr 1000

The following Tombstone announcements were published in the Financial Times during June

Tombstone date	Publication date	
May 78	1/6/78	VOLKSWAGEN INTERNATIONAL FINANCE N.V. US\$35,000,000 7 1/4% Bonds 1978-1985 Private Placement Commerzbank AG
1/6/78	1/6/78	NIPPON SHINPAN CO. LTD. DM 50,000,000 Convertible Bearer Bonds 1978/85 Berliner Handels-und Frankfurter Bank and others
	5/6/78	NORDISKA INVESTERINGSBANKEN US\$10,000,000 Private Placement 8 1/4% Notes due 1988 Daiwa Europe N.V. and others
May 78	5/6/78	FINNISH EXPORT CREDIT LTD. Kuwaiti Dinars 7,000,000 7 1/4% Guaranteed Notes 1983 Kuwait Investment Co. (S.A.K.) and others
May 78	5/6/78	CANADA DM 600,000,000 4 1/4% DM Notes 1978/83 Deutsche Bank AG and others
6/5/78	7/6/78	INTERNATIONAL FINANCE N.V. US\$75,000,000 8 1/4% Guaranteed Notes 1985 Dean Whittier Reynolds Intl. Inc. and others
May 78	7/6/78	THE ROYAL BANK OF CANADA \$60,000,000 9 1/4% Debentures 1986 Wood Gundy Limited and others
May 78	7/6/78	HOUSEHOLD FINANCE CORPORATION \$100,000,000 8 1/4% Debentures, Series 5B 1983 Goldman Sachs & Co. and others
Jun. 78	8/6/78	BANCO NACIONAL DE CREDITO RURAL S.A. Kuwaiti Dinars 10,000,000 8 1/4% Notes due 1989 Merrill Lynch Intl. & Co. and others
7/6/78	8/6/78	CANADIAN LIMITED US\$70,000,000 8 1/4% Notes due 1983 Merrill Lynch Intl. & Co. and others
5/6/78	8/6/78	DANSK EKSPORTFINANSIERINGSFOND DM 100,000,000 8 1/4% Bonds 1983 Private Placement Westdeutsche Landesbank Girozentrale and others

Tombstone date	Publication date	
Jun. 78	2/6/78	DURAI ALUMINIUM COMPANY LTD. US\$25,000,000 Allied Arab Bank Limited and others
May 78	1/6/78	BOC INTERNATIONAL LTD. US\$800,000,000 Medium term loan Bank of America NY & SA and others
May 78	3/6/78	E.N. HIDROELECTRICA DEL RIBAGOZANA S.A. US\$300,000,000 Eurocurrency loan Chemical Bank Intl. Ltd. and others
Mar. 78	3/6/78	CADBURY SCHWEPPE'S LIMITED US\$90,000,000 Medium term loan Kleinwort Benson Ltd. and others
May 78	2/6/78	EMPRESA LINEAS MARITIMAS ARGENTINAS S.A. US\$80,000,000 Medium term financing First National Bank Ltd. and others
May 78	2/6/78	NATIONAL BANK OF HUNGARY US\$300,000,000 Medium term loan Comptroller Illinois Limited and others
May 78	2/6/78	THE KINGDOM OF DENMARK DM 400,000,000 8 year loan Compagnie Financiere de la Deutsche Bank AG and others
	5/6/78	BAKER INTERNATIONAL CORPORATION US\$20,000,000 Eurodollar revolving credit facility J. Henry Schroder Wagg & Co. Ltd. and others
28/5/78	6/6/78	SAGA PETROKJEMI A.S. & CO. US\$75,000,000 Medium term loan facility Chase Manhattan Ltd. and others
Mar. 78	6/6/78	MALAYSIAN INTERNATIONAL SEIPPA CORP. BERHAD US\$15,350,000 Medium term loan Chemical Bank Intl. Ltd. and others
	6/6/78	ESTATE LTD. KUWAIT KD 5,000,000 Medium term loan International Financial Advisers and others
Jun. 78	7/6/78	CORPORACION VENEZOLANA DE FOMENTO U.S. equivalent of Bolivares 250,000,000 5 year loan Orion Bank Limited and others
Mar. 78	7/6/78	JUGOSLOVENSKI AEROTRANSPORT ESK 253,477,000 Aircraft Financing Loan Amex Bank Limited and others
6/6/78	8/6/78	QATAR STEEL COMPANY LIMITED US\$100,000,000 Long term credit facility Chase Manhattan Bank N.A. and others
Jun. 78	8/6/78	GOVERNMENT OF BARBADOS US\$10,000,000 5 year loan Orion Bank Limited and others
	7/6/78	KASHMIR INDUSTRIES CORPORATION US\$15,000,000 Bayerische Vereinsbank and others

Tombstone date	Publication date	
7/6/78	12/6/78	Cadbury Schweppes U.S.A. Inc. has acquired Peter Paul, Inc. transaction initiated by Goldman Sachs & Co.
Jun. 78	14/6/78	PROVINCE OF ONTARIO US\$200,000,000 30 year 9 1/2% Debts due 2008 Salomon Brothers and others
Jun. 78	20/6/78	SAUDI RESOURCES AND DEVELOPMENT CORP. LIMITED US\$100,000,000 5 year loan Banque Arabe et Internationale and others
Jun. 78	20/6/78	SAUDI RYALS 300,000,000 5 year loan Banque Arabe et Internationale and others
Apr. 78	21/6/78	AGROPECUARIOS US\$50,000,000 Medium term loan Chase Manhattan Bank N.A. and others
Jun. 78	28/6/78	EMIRATES AIR SERVICE US\$6,000,000 Secured Aircraft Financing Khalij Commercial Bank Ltd. and others
Jun. 78	28/6/78	THE MITSUBISHI BANK LIMITED \$40,000,000 28/6/78

BONDS

Tombstone date	Publication date	
7/6/78	12/6/78	COMMONWEALTH OF AUSTRALIA \$175,000,000 5 year 8.45% Bonds due 1983 \$75,000,000 15 years 9 1/2% Bonds 1993 Morgan Stanley & Co. and others
May 78	12/6/78	DEVELOPMENT FINANCE CORPORATION OF NEW ZEALAND US\$20,000,000 8 1/4% Notes 1983 US\$20,000,000 8 1/4% Notes 1985 Citicorp International Group and others
Jun. 78	13/6/78	KINGDOM OF SWEDEN \$125,000,000 9 1/4% Bonds due 1993 Salomon Brothers and others
18/5/78	15/6/78	AKTIEBOLAGET VOLVO Flux 250,000,000 1978-1986 Private Placement Kreditbank S.A. Luxembourg and others
24/5/78	15/6/78	MUNICIPAL TELEPHONE COMPANY OF FUNEN Flux 200,000,000 1978-1988 Private Placement Kreditbank S.A. Luxembourg and others
16/6/78	16/6/78	BANQUE WORMS US\$30,000,000 Floating Rate Notes due 1985 Credit Suisse White Weld Limited and others
26/5/78	19/6/78	EUROFIMA \$10,000,000 First Series Yen Bonds due 1990 The Nikko Securities Co. Ltd. and others
Jun. 78	20/6/78	DOMINION BRIDGE COMPANY LIMITED US\$25,000,000 9 1/4% Debentures due 1988 Orion Bank Limited and others
	20/6/78	KOREA EXCHANGE BANK \$80,000,000 7 1/4% Notes due 1983 The National Commercial Bank and others
Jun. 78	20/6/78	AGA AKTIEBOLAG US\$25,000,000 9 1/4% Bonds 1988 Hambros Bank Limited and others

LOANS

Tombstone date	Publication date	
Jun. 78	8/6/78	LANDSVIRKJUN US\$800,000,000 10 year floating rate loan Hambros Bank Ltd. and others
24/5/78	9/6/78	MASS TRANSIT RAILWAY CORPORATION \$250,000,000 Medium term loan Schroders & Chartered Limited and others
Jun. 78	13/6/78	COMMONWEALTH OF AUSTRALIA \$100,000,000 10 year fixed rate loan AMRO Bank N.V. and others
13/6/78	13/6/78	CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION US\$10,000,000 2 year loan The Industrial Bank of Japan Ltd. and others
May 78	14/6/78	LONDON BOROUGH OF CAMDEN \$7,500,000 Medium term loan Kleinwort Benson Limited and others
Mar. 78	15/6/78	AUTOPISTAS DEL ATLANTICO C.E.S.A. Jap. Y10,000,000,000 11 year loan The Long-Term Credit Bank of Japan Limited and others
Jun. 78	15/6/78	AGROPECUARIOS US\$50,000,000 Medium term project loan The Riggs National Bank of Washington D.C. and others
Jun. 78	15/6/78	THE HOUSING CORPORATION FINANCE CO. LIMITED \$15,000,000 Advances Facility Morgan Grenfell & Co. Limited and others
Mar. 78	19/6/78	THE MINISTRY OF FINANCE OF THE KINGDOM OF THAILAND US\$7,500,000 Medium term loan The Long-Term Credit Bank of Japan Limited and others
Jun. 78	19/6/78	SANDVIK AKTIEBOLAG US\$25,000,000 2 - 7 year Multicurrency Credit Facility Svenska Handelsbanken and others
Jun. 78	20/6/78	COMPANHIA VALE DO RIO DOCE \$100,000,000 10 year loan BankAmerica International Group and others
May 78	20/6/78	SAUDI RESOURCES AND DEVELOPMENT CORP. LIMITED US\$100,000,000 5 year loan Banque Arabe et Internationale and others
Apr. 78	21/6/78	AGROPECUARIOS US\$50,000,000 Medium term loan Chase Manhattan Bank N.A. and others

OTHERS

Tombstone date	Publication date	
15/6/78	22/6/78	Friedrich Flick Industrieversicherung KGaA has purchased 4,350,000 shares of Convertible Preference Stock of United States Filter Corporation Financial Adviser to the former Arnold and S. Bleichroeder Inc.
15/6/78	22/6/78	Friedrich Flick Industrieversicherung KGaA has purchased 4,350,000 shares of United States Filter Corporation Financial Adviser Goldman, Sachs & Co.
15/6/78	22/6/78	UNITED STATES FILTER CORPORATION Convertible Preference Stock has been sold to Friedrich Flick Industrieversicherung KGaA Financial Adviser to the former The First Boston Corporation
Mar. 78	28/6/78	EMIRATES AIR SERVICE US\$6,000,000 Secured Aircraft Financing Khalij Commercial Bank Ltd. and others
Jun. 78	28/6/78	THE MITSUBISHI BANK LIMITED \$40,000,000 28/6/78

Tombstone date	Publication date	
May 78	21/6/78	ELKEM-SPIGERVERKET A/S DM 40,000,000 5 1/4% Loan 1978/1988 Private Placement Commerzbank AG and others
18/4/78	21/6/78	ICI AMERICAS INC. \$8,810,000 8 1/4% Bonds due 1997 and 1998 E.F. Hutton & Co. Inc.
Jun. 78	22/6/78	NATIONAL WESTMINSTER BANK LIMITED US\$75,000,000 9% "B" Capital Bonds 1988 US\$150,000,000 Floating Rate Capital Notes 1990 Credit Suisse White Weld and others
Jun. 78	23/6/78	EUROPEAN COAL AND STEEL COMMUNITY US\$50,000,000 8 1/4% Bonds due 1987 Banca Commerciale Italiana and others
27/5/78	27/6/78	IBERDUERO \$25,000,000 8 1/4% Senior Dollar Notes due 1993 Direct placement arranged by Smith Barney, Harris Upham & Co. and others
27/5/78	28/6/78	BAKER INTERNATIONAL FINANCE N.V. US\$40,000,000 8 1/4% Convertible Subordinated Debentures due 1993 Blyth Eastman Dillon & Co. Intl. Ltd. and others
23/5/78	28/6/78	SECURITY PACIFIC CORPORATION \$100,000,000 8 80% Notes due 1985 The First Boston Corporation and others
May 78	29/6/78	EUROPEAN INVESTMENT BANK US\$80,000,000 8 1/4% Bonds 1988 Instituto Bancario San Paolo di Torino and others
Jun. 78	29/6/78	OSTERREICHISCHE KONTROLLBANK \$30,000,000 Swiss Francs 4% Bonds 1978-1993 Bank von Ernst & Cie AG and others
29/5/78	29/6/78	OFFSHORE MINING CO. LIMITED US\$100,000,000 Guaranteed floating rate Notes due 1986 S.G. Warburg & Co. Ltd. and others

Tombstone date	Publication date	
Apr. 78	21/6/78	BANCO CENTRAL DE CHILE \$210,000,000 Medium term Euro-dollar loan Morgan Guaranty Trust Company of New York and others
Jun. 78	22/6/78	FONDO ESPECIAL PARA FINANCIAMIENTO AGROPECUARIOS US\$50,000,000 Medium term loan Chase Manhattan Bank N.A. and others
21/4/78	23/6/78	UNION EXPLOSIVOS RIO TINTO S.A. US\$70,000,000 Medium term loan Companie Financiere de la Deutsche Bank AG and others
19/5/78	23/6/78	RANCA POPOLARE DI BERGAMO US\$15,000,000 Medium term loan Citicorp International Group and others
27/5/78	26/6/78	DE MONTREAL US\$250,000,000 10 year term loan Chase Manhattan Limited and others
Jun. 78	28/6/78	YACIMIENTOS PETROLIFEROS FISCALES US\$18,000,000 5 year loan Norddeutsche Landesbank Intl. S.A. and others
Jun. 78	28/6/78	COMUNAUTE URBAINE DE MONTREAL US\$250,000,000 10 year term loan Chase Manhattan Limited and others
Apr. 78	30/6/78	THE COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION US\$15,000,000 Medium term loan BankAmerica Intl. Group and others
Apr. 78	30/6/78	ELECTROBRAS US\$250,000,000 Project loan Manufacturers Hanover Ltd. and others
Jun. 78	30/6/78	OLIVETTI INTERNATIONAL S.A. US\$20,000,000 Medium term loan AMRO Bank N.V.

Tombstone date	Publication date	
22/6/78	29/6/78	The Seven-Up Company has been acquired by Philip Morris Incorporated Financial Adviser to Seven-Up The First Boston Corp.
22/6/78	29/6/78	Philip Morris Inc. has acquired The Seven-Up Company Financial Adviser to the former Lehman Brothers Kuhn Loeb
29/6/78	30/6/78	THE FUJI BANK LIMITED US\$20,000,000 Floating rate 8 Certificates of Deposit due 1981 Fuji Intl. Finance Ltd. and others
29/6/78	30/6/78	CHRYSLER CORPORATION \$250,000,000 10,000,000 Shares Cumulative Preferred Stock Warrants to purchase 5,000,000 shares of Common Stock Merrill Lynch White Weld & others
30/6/78	30/6/78	W. Wehull AB and AB Cardo has acquired Sattone-Seeds Limited Financial Adviser Scandinavian Bank Limited

DILLON, READ OVERSEAS CORPORATION

25 Broad Street, London, W.1.
Tel: 01-493 1239 or 01-491 4774
Telex 5811053.

JAPANESE DOLLAR QUOTED SECURITIES

Name	Close at 7/7/78
DAIWA SEIKO	\$2.35
DAIWA	\$2.71
DAIWA	\$7.01
DAIWA	\$3.11
DAIWA	\$3.02
KOMATSU FORKLIFT	\$2.85
KONISHI PHOTO	\$27.00
KOBAYASHI	\$3.21
MAKITA	\$4.35
MURATA	\$4.83
NIPPON CHEMICAL CONDENSER	\$3.13
NIPPON RAYON	\$3.50
O.P. CORP.	\$3.50
RENNER	\$2.62
RENNER WATCH	\$3.62
SAITOH ELECTRIC	\$1.11
SAITOH MARINE	\$1.11
TDK	\$1.62
TOYO SANYO	\$36.00
TRIO	\$2.11
WAGGALL	\$2.11

WestLB Euro-Deutschmarkbond Quotations

	Issue	Yield Price	Current Yield	Life	Yield to Maturity	Days to Maturity	Days to Maturity
6%	Quebec 78/90	97.25	6.17	9.24	6.40	1.585-90D	
6%	Quebec Hydro El. 78/84	103.00	6.33	3.00	5.73	1.275-84S	
6%	Quebec Hydro El. 78/84	104.25	6.95	3.58	6.00	1.275-84D	
6%	Quebec Hydro El. 78/86	106.50	7.51	4.50	6.42	1.275-86D	
6%	Quebec Hydro El. 78/88	101.75	6.39	4.53	6.04	1.478-87D	
6%	Quebec Hydro El. 78/88	102.00	6.37	4.93	6.01	1.375-88D	
6%	Quebec Hydro El. 78/88	101.90	6.38	9.12	6.22	1.6. 887	
6%	Quebec Hydro El. 78/88	101.00	6.19	9.42	6.10	1.1287	
6%	Queensland 78/85	104.50	8.13	3.65	7.30	1.1176-85S	
6%	Rautaruukki 78/88 (G)	95.12	6.04	7.69	6.57	1.484-88D	
6%	Reed Paper 78/88	104.75	6.92	4.76	6.06	1.179-88S	
6%	Kenef 75/82 (G)	107.00	7.94	4.00	6.46	1.782	
6%	Rent 75/82 (G)	106.25	7.53	5.75	6.65	1.484	
6%	SAAB 71/86	106.25	7.29	4.45	6.22	1.478-86S	
10%	SAFE 74/79P	106.00	9.67	1.33	5.42	1.1179	
7%	Saga Petroleum 77/87P	103.50	7.25	4.93	6.43	1.783-87S	
7%	Sandvik 72/87	103.75	7.23	4.37	6.47	1.282-87D	
7%	Sandvik 75/83	111.00	8.33	4.58	6.39	1.282	
7%	Sanko Steamship 75/80	102.60	8.28	2.42	7.23	1.1280	
7%	Sanko Steamship 77/84	103.40	6.77	5.58	6.25	1.284	
7%	S.A.P.L. 75/80P (G)	107.50	8.37	1.67	4.22	1.380	
7%	Shell Intl. 72/87	103.75	6.27	6.45	6.05	1.478-87S	
7%	Shell Intl. 77/89	107.40	8.28	6.53	5.47	1.285-89D	
7%	Ship. Co. N. Zealand 75/80P (G)	104.75	7.88	3.92	5.57	3.680	
7%	Ship. Co. N. Zealand 75/82 IP (G)	104.75	8.11	3.85	7.05	22.582	
7%	Ship. Co. N. Zealand 75/82 IIP (G)	104.75	8.21	3.91	7.06	27.582	
7%	Siemens Electric 66/81	105.25	6.65	1.81	3.92	1.1170-81S	
7%	Singapore 72/82	103.50	6.76	2.47	5.54	1.778-82D	
7%	Singapore 77/83	101.80	6.39	4.80	6.05	1.583	
7%	Singapore Air. 76/83 (G)	104.25	8.29	3.52	6.82	1.279-83D	
7%	Sura Kivna	105.90	8.83	3.78	6.82	1.676-85D	
7%	S.O.F.C. 68/83 (G)	102.35	6.35	2.67	5.52	1.1072-83S	
7%	S.N. Dev. Reg. 76/86 (G)	105.00	7.19	4.99	6.29	1.480-88D	
7%	S.N. Dev. Reg. 77/92P (G)	99.85	6.26	14.46	6.26	16.1283-92D	
7%	Soc. Mar. Fin. 78/83P	106.00	6.49	3.02	6.73	1.578-83D	
7%	South Africa 69/84	106.00	6.99	5.75	7.31	1.378-84S	
7%	South Africa 70/85	103.75	6.19	3.65	7.44	1.170-85S	
7%	South Africa 71/86	105.80	7.67	4.28	7.61	1.177-86S	
7%	South Africa 72/87	99.40	7.04	9.33	7.00	1.178-87S	
7%	South Africa Broad. 78/81 (G)	100.50	7.96	2.67	7.76	1.381	
7%	South Africa Railway 73/88 (G)	98.25	7.63	9.92	7.76	1.679-88S	
7%	South Africa Railway 75/80 (G)	102.50	9.02	1.41	7.30	1.678-80D	
7%	South Africa Railway 77/80P (G)	105.10	8.80	2.00	6.45	1.780	
7%	South Africa Railway 78/81P (G)	101.00	6.17	2.08	7.20	1.478-80D	
7%	South Africa Railway 78/81P (G) J.	101.50	7.88	5.00	7.29	2.181	
7%	South Africa Railway 78/81P (G) J.	101.00	7.67	3.83	7.43	1.582	
7%	South Scot. B. 73/80 (G)	103.75	6.75	4.84	6.07	1.279-88S	
7%	Spain 77/86	101.40	6.66	6.08	6.46	1.884	
6%	Spain 78/89	95.75	6.27	9.83	6.60	1.588	
6%	Stand. Clert. Bank 73/88	102.00	6.37	9.50	6.21	1.188	
6%	Staatsbank 77/85	103.80	6.80	5.13	6.29	1.382-85D	
10%	Steinberg 74/80P	105.00	7.19	4.99	6.29	1.480-88D	
10%	Stockholm County 75/83	105.00	8.33	3.60	6.11	15.478-83D	
10%	Stockholm County 75/87	108.50	8.06	3.54	7.51	1.478-87D	
7%	Studeb. Worth 69/79	106.25	7.09	1.08	5.15	1.679	
7%	Sunitomo Metal 75/82	102.55	8.00	4.00	6.67	1.782	
7%	Son Oil Int. Fin. 73/88	105.75	7.09	5.34	6.30	1.879-88S	
7%	Svenska Cell 73/88	102.50	7.07	4.82	6.61	1.279-88S	
7%	Svenska Taadnet 75/85	103.75	6.35	4.07	6.74	1.380-85S	
6%	Sveiges Ind. Kp. 72/87	103.75	6.75	4.07	6.74	1.378-87S	
6%	Sveiges Ind. Kp. 73/88	103.10	6.79	4.92	6.04	1.378-87S	
6%	Sveiges Ind. Kp. 75/83	106.75	7.96	3.38	6.32	1.680-83S	
6%	Sweden 77/84	103.90	6.26	5.83	5.69	1.584	
6%	Sweden 77/89	100.15	5.99	11.42	5.98	1.1283-89S	
6%	Talsell Corp. 75/80P	105.00	9.05	1.71	6.28	16.380	
6%	Tauernautbahn 74/79P (G)	106.25	9.41	1.25	4.70	1.1079	
6%	Tauernautbahn 75/82 (G)	111.50	8.52	3.00	5.26	1.781	
6%	Tauernautbahn 75/82P (G)	111.00	8.43	3.47	5.27	1.582	
6%	Tauernautbahn 75/82P (G)	109.75	8.20	4.47	6.50	1.582	
6%	Tauernautbahn 78/93 (G)	98.30	5.60	14.75	6.57	1.484-93S	
6%	Tauernkraftwerke 68/83 (G)	104.00	6.73	2.53	5.36	1.274-83D	
6%	Tauernkraftwerke 68/83 (G)	102.50	6.34	3.11	5.69	1.974-83S	
6%	Tennipco 73/93	107.25	7.46	9.44	6.92	1.1182-93S	
6%	Tennipco 75/82P	108.50	8.76	3.67	7.88	1.382	
6%	Thailand 78/87	97.75	6.39	4.75	6.81	1.483	
6%	Thysen Cons. Fin. 75/83P	103.75	6.75	4.75	6.74	1.482	
6%	Thysen Cons. Fin. 75/83P	108.00	7.64	4.00	5.94	1.582	
6%	Thysen Ind. 66/81	105.00	6.37	1.45	5.18	1.372-81D	
6%	Tokyo El. Power 69/84	107.00	6.90	3.31	5.65	1.1275-84D	
6%	Toray Ind. 75/80P	106.25	8.94	1.61	5.30	10.280	
6%	Traf. House Fin. 72/87	100.00	6.50	9.25	6.49	1.1078-87S	
6%	Trinidad & Tobago 78/83P	93.75	6.27	4.75	7.07	1.483	
6%	Trondheim 67/83	103.75	6.53	2.42	6.27	1.1082-83S	
6%	Tuvalu 78/88	96.50	5.96	8.73	4.38	1.484-88D	
6%	TRV Int. Fin. 69/84	102.35	7.33	3.65	6.87	1.1075-84S	
6%	TUO Power 78/88 (G)	97.50	6.15	9.58	6.35	1.284-88S	
6%	Unilever 75/81P	111.00	8.78	3.42	6.07	1.1281	
6%	Unilever 75/87	114.00	7.46	6.20	5.75	1.581-87S	
6%	Unt. Arab Emirs. 77/82P	100.00	6.75	3.83	6.74	30.482	
6%	Uruguay 78/84	103.50	6.75	4.35	6.22	1.1084-84S	
6%	Venezuela 78/88	97.25	6.17	9.67	6.38	1.384-88S	
6%	Vienna 68/83	104.40	4.70	2.86	5.39	1.674-83S	
6%	Vienna 75/84	106.75	7.73	3.50	6.05	1.879-84D	
6%	Vienna 77/84P	102.00	5.64	6.46	5.37	15.1284	
6%	Voest-Alpine 73/88	108.25	7.85	5.94	6.76	1.1079-84D	
6%	Voest-Alpine 75/85	109.75	7.76	4.86	6.17	1.681-84D	
6%	Wells Fargo 77/89	103.50	6.75	4.35	6.22	1.1084-89D	
6%	Wells Fargo ex. w. 73/88	100.50	6.28	5.60	5.74	1.1779-88S	
6%	Worldbank 65/85	102.00	5.39	3.53	4.93	1.471-85D	
6%	Worldbank 68/80	104.60	6.21	2.08	4.14	1.780	
6%	Worldbank 69/84	102.25	6.32	2.92	5.62	1.675-84D	
6%	Worldbank 69/84P	102.75	6.33	3.34	5.66	2.177-84D	
6%	Worldbank 70/84P	103.50	6.75	3.83	5.62	1.684-84D	
6%	Worldbank 69/84P	100.50	5.97	3.17	3.81	1.477-84D	
6%	Worldbank 70/80	107.90	7.88	2.08	4.53	1.880	
6%	Worldbank 70/86	107.25	7.46	3.85	5.83	1.177-86D	
6%	Worldbank 71/86 I	105.50	7.11	4.26	6.00	1.677-86D	
6%	Worldbank 71/86 II	105.00	7.14	4.22	6.11	1.1277-86D	
6%	Worldbank 72/87	103.00	6.16	4.00	4.95	1.782	
6%	Worldbank 72/87	103.00	6.16	4.00	4.95	1.782	
6%	Worldbank 73/83	105.75	6.38	4.58	5.29	1.283	
6%	Worldbank 73/88	102.15	6.24	5.01	5.87	1.579-88D	
6%	Worldbank 75/82P	109.00	7.57	3.92	5.62	1.682	
6%	Worldbank 75/82	110.00	7.27	4.42	5.38	1.1282	
6%	Worldbank 75/82P	111.25	7.42	5.00	5.61	1.783	
6%	Worldbank 76/83	107.00	7.85	2.08	4.53	1.880	
6%	Worldbank 76/82P	107.00	7.24	4.25	5.83	1.182	
6%	Worldbank 76/83	107.35	6.99	4.83	5.71	1.583	
6%	Worldbank 76/83	109.00	7.11	5.25	5.71	1.1083	
6%	Worldbank 76/83P	103.25	6.54	5.42	6.02	1.1283	
6%	Worldbank 76/84	109.00	7.34	5.58	6.04	1.284	
6%	Worldbank 76/84P	103.50	6.75	4.21	5.09	15.982	
6%	Worldbank 77/85P	102.50	6.35	6.67	6.01	1.385	
6%	Worldbank 77/85	102.37	6.35	6.83	6.06	1.385	
6%	Worldbank 77/85	101.10	5.93	7.21	5.80	15.985	
6%	Worldbank 77/87	105.25	6.65	8.50	6.18	1.187	
6%	Worldbank 77/87	101.85	6.38	8.83	6.22	1.587	
6%	Worldbank 78/90	97.90	5.87	10.05	6.03	1.287-90D	
6%	Yokohama 68/83 (G)	104.00	6.49	3.11	5.41	1.972-83S	
6%	Yokohama 69/84 (G)	103.00	6.80	3.13	6.02	30.973-84S	
6%	Yokohama 71/83	102.25	7.53	4.62	6.39	1.787-86S	
6%	Yokohama 75/80P	101.50	8.89	4.00	5.76	1.880	
6%	Yuzen Ind. Bank 77/84P	101.50	8.89	4.00	5.76	1.880	

Issue	Middle Price	Current Yield	Life*	Yield to Maturity	Equivalent Q - Mandatory Deposit - 5 - netting fund
89: ADELA 76/83	106.25	7.53	4.75	6.42	1.483
79: ADELA 77/82P	101.50	7.14	3.56	6.84	16.682
9: AEC 66/81	101.00	6.93	4.08	6.71	1.882
60: Airprod 69/84P (G)	104.50	5.74	1.57	3.01	1.272-81D
79: AKZO 75/83P	101.50	6.40	3.08	5.94	1.375-84D
79: AKZO 76/83P	100.00	8.41	3.58	6.71	1.282
79: AKZO 78/84P	104.50	7.42	4.92	6.64	1.683
89: Aluisse Int'l. 75/83	102.25	5.87	2.75	3.53	1.184
6: AMEX Int'l. 77/84P	102.25	6.52	0.6	3.90	1.881-83D
10: A.P.E.L. 74/81 (G)	107.25	9.32	1.88	5.78	1.484
79: ARBED Finance 76/83P	103.50	7.49	5.33	6.93	1.1277-81D
79: ARBED Finance 77/87	101.75	6.63	8.92	6.48	1.683-87S
79: Ardal-Sunddal 75/81P	104.50	8.37	3.00	7.03	1.781
79: Ardal-Sunddal 77/89P	102.25	6.40	7.34	6.36	1.782-89D
79: Argentine 67/78	100.50	6.97	0.91	6.36	1.1270-79S
79: Argentine 68/78	103.75	6.75	0.25	7.89	due 1.10.78 (104)
79: Argentine 69/78	103.75	7.79	0.51	4.93	1.1272-79S
79: Argentine 77/84	103.25	6.53	6.67	6.62	1.1084
79: Argentine 78/85	99.30	6.53	6.67	6.62	1.1084
79: Asian Dev. Bk. 69/84	103.40	6.77	3.05	5.85	1.975-84S
79: Asian Dev. Bank 75/80P	105.50	8.06	2.37	5.92	16.1180
79: Asian Dev. Bank 76/82	105.60	7.58	3.67	6.23	1.382
79: Asian Dev. Bk. 77/83P	105.00	7.38	4.75	6.48	1.483
79: Asian Dev. Bk. 78/84	104.00	6.73	6.25	6.25	1.485
5: ASKO 75/80P	106.25	8.94	1.75	8.82	1.588
79: Aumar 73/88 (G)	107.50	7.32	4.81	7.00	1.279-88D
79: Aumar 76/84 (G)	102.90	8.34	3.53	6.42	15.877-88D
79: Aumar 77/84 (G)	104.12	7.44	6.00	6.89	1.784
61: Australia 67/82	104.50	6.22	2.29	4.38	1.1173-82S
61: Australia 68/83	105.00	6.43	3.03	5.01	1.874-83S
61: Australia 69/84	105.00	6.43	3.03	5.01	1.275-84S
79: Australia 69/84	106.00	6.84	3.23	5.27	1.275-84S
79: Australia 72/87	105.20	6.65	4.60	5.67	1.278-87S
10: Australia 74/80	111.50	8.97	2.25	4.49	1.1080
79: Australia 75/82	112.75	7.98	3.58	5.01	1.482
81: Australia 76/83	109.75	7.52	3.75	5.30	1.282
81: Australia 75/82 IIP	104.50	6.84	3.82	6.31	1.582
79: Australia 76/83	109.50	6.62	4.67	4.91	1.279-84S
79: Australia 77/82P	101.75	5.16	4.25	4.78	1.1082
79: Australia 77/89	101.25	5.08	9.68	5.57	1.1185-89S
79: Aust. Ind. Dev. Corp. 72/87	103.00	6.55	5.59	5.97	1.1178-87D
79: Aust. Ship. Corp. 76/83P (G)	106.00	7.35	3.17	6.58	1.983
79: Rep. of Austria 68/83	105.70	6.67	3.22	6.25	1.478-82S
79: Rep. of Austria 69/83	105.90	6.44	2.71	4.21	1.475-83S
79: Rep. of Austria 75/79P	104.00	9.13	1.00	5.29	1.779
79: Rep. of Austria 74/80P	109.00	8.94	2.33	5.51	1.1180
79: Rep. of Austria 74/81P	109.00	8.94	3.42	6.69	1.1281
79: Rep. of Austria 75/80P	105.00	9.05	1.58	6.05	1.280
79: Rep. of Austria 75/81P	105.00	9.05	1.58	6.31	1.481
79: Rep. of Austria 75/82P	105.00	8.33	2.21	6.25	1.479-82D
79: Rep. of Austria 75/83	105.00	8.29	4.58	6.76	1.283
79: Rep. of Austria 75/83P	105.00	8.33	2.69	6.63	1.479-83D
79: Rep. of Austria 75/87	109.00	7.76	4.83	6.16	1.578-87S
79: Rep. of Austria 76/86	110.50	7.01	6.30	5.71	2.583-86S
61: Rep. of Austria 77/85	105.00	6.84	3.82	6.75	1.483-85S
79: Rep. of Austria 77					

Euro-Deutschnbank Quotation									
	Issue	100% Price	Current Yield	Libor	Yield to Maturity	Deutsche Bank Düsseldorf S - working time			
8 1/2%	Dunlop Fin. 70/85	102.25	8.31	0.08	5.32	clld	(1.9781-102)		
7 1/2%	EEC 76/83	107.30	6.74	4.75	5.41	clld	1.483		
7 1/2%	Elect. Council 69/84 (G)	103.50	7.25	0.17	4.32	clld	1.9781-103		
7 1/2%	Elect. Council 69/84P (G)	103.00	7.28	0.17	7.32	clld	1.9781-103		
7 1/2%	Elect. Council 71/86 (G)	104.60	7.41	4.90	6.53	clld	1.377-85		
7 1/2%	Elect. de France 70/85 (G)	106.25	6.00	3.66	6.66	clld	1.1176-85		
8 1/2%	Electrobras 77/87 (G)	106.00	6.97	7.10	6.90	clld	1.9831-83-87		
5 1/2%	Elf Aquitaine 78/87 (G)	99.25	6.94	7.75	6.01	clld	1.486		
5 1/2%	Elf Aquitaine 78/87P (G)	94.90	5.53	8.85	6.01	clld	15.586-88D		
5 1/2%	Elf Norge 77/80P	107.75	6.65	1.79	4.70	clld	16.80		
6 1/2%	ENEL 65/80 (G)	100.00	6.00	1.49	6.09	clld	1.749-80D		
6 1/2%	Enso-Gutzeit 70/85	104.00	8.17	0.25	4.31	clld	1.1078-103		
6 1/2%	Ericsson 72/87	103.25	6.54	4.67	5.92	clld	1.378-87S		
6 1/2%	ESAB 76/81P	106.00	8.25	5.98	6.14	clld	1.281		
6 1/2%	ESCOM 65/80 (G)	98.25	6.52	1.74	6.63	clld	1.1074-80D		
6 1/2%	ESCOM 68/81 (G)	98.25	6.62	3.18	7.12	clld	1.476-85D		
6 1/2%	ESCOM 70/85 (G)	103.00	8.25	3.61	7.50	clld	1.377-86D		
6 1/2%	ESCOM 71/86 (G)	101.50	7.88	3.97	7.69	clld	1.377-86D		
6 1/2%	ESCOM 72/87 (G)	94.00	6.65	4.92	7.76	clld	1.978-87D		
6 1/2%	ESCOM 73/88 (G)	97.05	7.21	5.03	7.72	clld	1.579-88D		
6 1/2%	ESCOM 75/80 (G)	106.25	8.71	2.08	5.96	clld	1.880		
6 1/2%	ESCOM 78/81 IP (G)	101.00	7.92	0.83	7.41	clld	15.180-81D		
6 1/2%	ESCOM 78/81 IP (G)	101.00	7.92	0.83	7.41	clld	1.200-81D		
6 1/2%	ESCOM 78/81P (G)	102.25	8.07	2.58	7.23	clld	1.281		
6 1/2%	ESTEL 73/88	103.25	7.51	5.76	7.04	clld	1.879-88S		
6 1/2%	ESTEL 75/85	102.75	7.93	5.26	6.81	clld	1.681-85S		
6 1/2%	ESTEL 76/83P	106.00	8.02	4.67	6.94	clld	1.383		
6 1/2%	ESTEL 77/84P	106.00	8.25	6.33	6.49	clld	1.184		
6 1/2%	Euroatom 72/87	100.00	6.52	6.52	7.35	clld	1.128-84D		
6 1/2%	Euroatom 77/87	98.50	5.84	9.33	5.96	clld	1.187		
6 1/2%	Eurofima 64/79	100.75	5.46	1.08	4.76	clld	1.867-79D		
6 1/2%	Eurofima 65/80	101.25	5.93	1.40	5.03	clld	1.1268-80D		
6 1/2%	Eurofima 67/83	105.25	6.18	3.12	4.65	clld	1.971-83D		
6 1/2%	Eurofima 71/86	102.60	7.38	3.92	6.26	clld			

	Issue	Yield Price	Current Yield	Yield to Maturity	Yield to Maturity	Yield to Maturity	Yield to Maturity
72	Japan Dev. Bk. 76/83 (G)	106.50	6.81	4.75	5.64	1.483	
82	Japan Synt. Rub. 76/81P	106.00	7.76	3.00	6.01	1.781	
82	Johannesburg 71/86 (G)	101.60	7.87	4.88	7.55	1.977-86D	
62	Johannesburg 71/86 (G)	104.00	8.83	4.92	7.61	1.978-87D	
62	Johannesburg 71/86 (G)	101.00	8.67	3.83	7.43	30.482	
72	Jyds. Telefon 69/84	93.35	7.08	3.61	6.61	15.975-84D	
62	Jyds. Telefon 72/87	102.35	6.06	4.67	6.14	1.378-87S	
72	Jyds. Telefon 73/88	102.75	7.06	5.28	6.60	1.379-88S	
92	Jyds. Telefon 75/82P	107.00	8.41	4.00	6.94	1.782	
62	Kansai Electric 69/84	103.90	6.50	3.09	5.43	1.375-84S	
72	Kansai Electric 71/86	105.35	7.31	4.17	6.34	1.577-86S	
82	Kawasaki Steel 75/82	103.50	8.31	2.90	6.65	1.680-82D	
62	KHID Finance 75/88	103.00	8.54	5.09	5.98	1.378-88S	
72	Kjohbenhavns H. Bank 76/83P	103.10	6.55	4.64	5.96	2.378-87S	
72	Kjohbenhavns Tel. 72/87	103.00	7.16	5.42	6.68	1.1283	
72	Kjohbenhavns Tel. 72/87	103.25	7.26	4.48	6.76	2.178-87S	
72	Kjohbenhavns Tel. 72/87	102.25	8.85	4.63	6.41	1.578-87S	
72	Kjohbenhavns Tel. 73/88	101.50	8.40	5.46	6.16	1.479-88S	
82	KLM Finance 70/85	102.75	6.27	0.25	5.35	child.p.	
52	KLM Royal Dutch Airl. 78/85P	98.50	5.08	3.73	5.45	1.1078-85D	
72	Kobe 68/83 (G)	104.00	6.73	2.86	5.54	1.672-83S	
62	Kobe 69/84 (G)	104.25	6.47	3.26	5.38	1.672-83S	
72	Kobe 71/86 (G)	105.75	7.33	4.12	6.11	1.277-86S	
62	Kobe 72/87 (G)	103.50	8.52	4.64	5.86	1.578-87S	
62	Kobe 75/80P (G)	103.00	8.01	1.92	6.52	1.680	
72	Kobe 77/83 (G)	106.50	7.04	4.92	5.93	1.683	
62	Kommun. Inst. 76/83	104.25	6.31	3.93	6.80	1.687	
82	Kommun. Inst. 76/84	102.75	7.29	4.14	7.19	15.1077-84D	
72	Korea Dev. Bank 77/84	98.90	7.33	6.42	7.46	1.1284	
52	Kubota Ind. 77/82P	100.05	5.25	3.51	6.07	1.1281-82D	
52	Kvaerner Int. 78/88P	97.25	5.91	7.61	8.21	1.384-88D	
62	Light-Services 75/82 (G)	102.35	6.30	7.19	6.98	1.685	
62	Light-Services 75/86	97.25	6.94	7.83	7.22	1.685	
62	Long-Cr. Bk. Japan 70/85	103.00	8.25	3.64	6.68	1.1176-85S	
102	Lonza Int'l. 74/79P	105.00	9.52	1.33	5.94	1.1179	
102	Lonza Int'l. 75/80P	104.00	7.93	1.87	5.92	15.580	
72	Malaya 72/84	101.25	6.91	3.52	6.56	1.675-84D	
92	Malaya 73/85	97.35	6.40	5.92	6.78	1.684	
92	Malme 75/84	100.50	9.53	4.04	6.76	1.281-84D	
92	Malme 76/83	105.00	7.86	3.13	6.41	1.380-83D	
62	Manitoba 77/84	105.00	6.19	6.00	5.50	1.784	
62	Manit. Hydro El. 73/87	103.70	6.51	4.92	5.86	1.678-87S	
62	Megal. Fin. Comp. 78/80	100.25	6.33	8.92	6.21	1.181-80S	
72	M&P C 73/88	102.25	6.95	5.06	6.81	1.579-88D	
72	Mexico 68/80	102.25	6.85	1.41	5.39	1.781-80S	
72	Mexico 69/84	101.75	6.88	2.91	6.43	2.173-84S	
72	Mexico 73/82	102.25	7.09	4.73	6.67	1.179-88S	
92	Mexico 75/86	107.50	8.37	4.00	6.60	1.782	
82	Mexico 76/83	103.00	7.41	4.72</			

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	Middle Price	Average Life	Yield to average life	Current Yield	Redemption (mandatory drawings by lot)
8 % Österreich 1973/B/81	101,75	1,62	7,37	7,86	15. 277-81 at 101,0
8 % Österreich 1973/III/B/82	102,25	2,38	7,89	7,82	20.11.74-82 at 102,0 to 102,5
8 1/2% Österreich 1975/S/83	102,75	2,67	7,62	8,27	5. 376-83 at 100,0 to 101,0
8 1/2% Innsbruck 1974/B/82	102,-	2,38	7,69	8,33	19.11.75-82 at 100,5
8 1/2% Steyr-Daimler-Puch 1974/B/81	101,50	1,82	7,79	8,37	29.10.75-81 at 100,5
7 3/4% VÖEST-Alpine 1973/B/82	101,75	2,50	8,09	7,62	4. 777-82 at 102,0 to 103,0

maturity over 5 years

8 1/2% Österreich 1975/S/III/85	104,25	4,40	7,97	8,15	27.11.79-85 at 103,0 to 103,5
8 % Österreich 1976/S/III/B/86	100,50	6,89	7,89	7,96	22.11.83-86 at 100,0
8 % Österreich 1977/S/II/87	100,50	6,12	7,89	7,96	15. 282-87 at 100,0
8 % Arlberg Straßentunnel 1977/B/85	100,50	4,57	7,86	7,96	29. 780-85 at 100,0
8 1/2% Wien 1974/B/84	102,50	3,50	7,64	8,29	2. 775-84 at 100,0
8 % CA-BV 1976/III/A/91	100,25	6,76	7,93	7,98	7.10.77-91 at 100,0
8 1/2% Energie 1975/II/B+S/85	104,25	4,32	7,98	8,15	29.10.79-85 at 103,5
8 % Energie 1977/S/II/B/86	100,50	6,25	7,88	7,96	4.10.82-86 at 100,0
8 % Sempert 1973/88	102,-	5,24	8,00	7,84	30. 374-88 at 103,0

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6 3/4% Austrian Electricity 67/82	8 1/4% Tauernautobahn 77/87
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مكتبة

A big dose of medicine for Oxford

By DAVID FISHLOCK, Science Editor

IN THE basement of what looks like a typical redbrick Victorian house near the centre of Oxford is a cage containing a sheep which is living contentedly with the aid of an artificial kidney. If the experiment proves a success the cost of keeping someone alive this way—put at an average of £5,500 a year in Britain today—could be greatly reduced.

At Headington on the outskirts of Oxford, of the 4,500 babies born each year at the John Radcliffe Hospital, about 50 are very sickly premature babies. But the ingenuity of a dozen physicians and engineers in providing them with novel life-support systems offers them an excellent chance of pulling through with their brains unimpaired.

The connection between these very disparate activities in different parts of Oxford is no stronger at present than that they are both good examples of innovative bio-engineering—the application of engineering to health problems. Soon, however, they will become part of the activities of a new Oxford University college devoted to medical problems, and not least to the problems of bringing university medicine much closer to industry and the National Health Service.

"Oxford has never seen anything like it," a donor remarked of the speed with which Green College is taking shape. It takes its name from Dr. Cecil H. Green, the British-born former chairman of the U.S. electronics group, Texas Instruments. Dr. Green has donated £1m of the £2m Oxford believes it needs for its fourth new college since 1960. Building began early this year and the first medical students will start next autumn.

There was a time when an Oxford medical degree did not permit the holder to practise

within seven miles of London. But a few years ago the University Grants Committee in London asked Oxford to double its number of medical students and provide a complete medical education for 100 students a year. The university concluded that, rather than build new facilities and hire many new tutors, the way to comply was to establish a new college. One reason was that a famous build-

Green College's first students will start next autumn

ing in Oxford, the Old Radcliffe Observatory, was about to become vacant. It was believed that around the Observatory a new college might very successfully be built. Another was that a college devoted to medicine might bring the many NHS staff in Oxford more fully into university life.

Many first-class people doing medical research in Oxford but unattached to the university will be brought into university life by Green College, says Professor Sir Richard Doll, Warden-elect of the new college. Sir Richard, Regius Professor of Medicine at Oxford, is the scientist whose research established the link between cigarette smoking and lung disease. He cites the NHS Orthopaedic Engineering Centre, headed by Mr. John Harris, a former Lucas director, and the Neo-Natal Unit under Dr. Peter Rolph at the John Radcliffe Hospital as examples of the research units he wants to see under the wing of Green College.

Sir Richard is looking for 300 medical students—of whom he expects half to become GPs—25 post-graduate research students, and 50 fellows of Green College. The college will also be offering companies the chance of nominating staff for fellowships for limited periods as part of its efforts to bring medicine closer to the engineering and electronics industries.

What, then, has Oxford to offer that might induce companies to let employees become dons for a year or two? Dr. Don Schultz, acting head of the University's Department of Engineering Science, sets the scene when he estimates that, in cash terms, about one-fifth of the research of his department—one of the most respected engineering departments in Britain—is in bio-engineering. Work began in the late 1960s, taking its cue from the speciality of the department, namely fluid mechanics—how fluids behave. Today, as engineers recognise that living tissues are just as necessary as testbeds for bio-engineering experiments on blood flow as gas turbines are for their aerodynamic experiments.

Dr. Schultz is trying to raise cash—around £20,000—to set up a remarkable testbed for the living heart, in order to observe its mechanical performance more closely. The idea comes from Leyden University in Holland where over many years, and with help from Oxford, Dutch scientists have perfected a way of removing an animal's heart and lungs and keeping them alive in a box, just as if they were simply jets of a pump. It is tricky and expensive, admits Dr. Schultz, but it promises to be a better way of comparing the efficacy of different ways of treating heart disease. Accurate measure of blood flow patterns throughout

the system under the influence of different heart-drug regimes could be made without the complications of distressing a patient.

"No artificial valve can yet support the 40m natural heart beats a year as efficiently as a healthy natural one," asserted the British Medical Journal in an editorial recently. For a decade it has been the ambition of Dr. Schultz's most inventive researchers to develop a heart valve that worked as well as a natural one without damaging the blood, and without needing anti-coagulant drugs to prevent "sitting up" of the system.

Dr. Brian Bellhouse first made his name at Oxford with a microminaturised flow gauge which has proved no less capable of measuring blood flows than gas flows in gas turbines. Now he believes his team has come up with a heart valve which combines the best features of two different types of valve surgeons are implanting at present. What is more, it will probably have been tested more thoroughly than any other valve design before being tried on a human heart.

A natural heart valve, which is shaped like a mitre, would be an extremely difficult one to try to copy. Instead, Dr. Bellhouse has gone to the other extreme and designed a very simple leaflet (flap) valve, light and quick to respond to the natural changes in the blood flow, while offering very little resistance to the intrusion of blood to the heart. He has meticulously fatigue-tested its hinges; in one case through 650m cycles, equivalent to about 16 years in the heart, without failure. Most recently he has been trying it in goats, in one case for more than a year. With fresh support from the Medical Research Council, he is just planning another three years of

painstaking testing in animals to show that his valve can be used safely in man without needing anti-coagulant drugs. Equally novel is Dr. Bellhouse's ideas for a new kind of artificial kidney, very much smaller than those used by the 4,000 people kept alive in this way in Britain today. Blood is a delicate fluid; a living substance, easily damaged. Artificial kidneys employ very large areas

It will be Oxford's fourth new college since 1960

of flat plastic membrane through which the impurities pass, and very slow rates of pumping to minimise damage to blood cells. Dr. Bellhouse has shown how, by introducing gentle vortices—whirls—into the blood flow by furrowing the membrane he can triple efficiency and closely approach its ideal performance. For the last few weeks, with the help of a U.S. surgeon, he has been testing his book-size artificial kidney in his basement on a series of sheep with kidney failure.

At the John Radcliffe Hospital Professor J. P. M. Tizard, head of the Department of Paediatrics, has long preached that advances in neonatal care were of newborn babies—must come from advances in technology. But two-thirds of his technology is imported today. His neo-natal unit under Dr. Peter Rolph has already produced inventions which are attracting the interest of such companies as Vickers Medical and Cambridge Medical. One is

an instrument which warns the nurses when a premature baby is having trouble in breathing—a common problem. Another is a more accurate way of measuring how much oxygen a newborn baby is receiving; too little and it can suffer brain damage, too much and it can easily be blinded.

At the Orthopaedic Engineering Centre, Mr. John Harris speaks eloquently of low back pain as a big industrial problem, with 20m working days lost in Britain each year and about 200,000 patients a year requiring orthoses (special supports). But he admits that the problem is an unrewarding one for the surgeon simply because "there's no end to it." His centre was set up three years ago to try to bring the engineer and the orthopaedic surgeon together in Oxford to specify more precisely the mechanical aid ideally suited to a particular patient's problem. Instead of what is essentially the "cut and try" approach used to-day.

His newly commissioned laboratories have been fitted with some remarkable apparatus for automatically monitoring patients as they stand, sit or walk. In one, for example, as many as seven TV cameras can be focused on the patient while walking, to record his movements in three dimensions. The figures are fed straight to a computer from which the surgeon can obtain a print-out of every idiosyncrasy of his patient's gait. In another, used to try to pinpoint the source of low back pain, the engineers are using techniques very similar to those used to inspect precision components—known as Moiré fringe methods of measurement—to try to detect aberrations and any slight changes in posture over a period of time. Their



The 18th-century Old Radcliffe Observatory

method is quick, cheap and causes little inconvenience to the patient.

This centre is a joint venture between the Department of Engineering Science and the Orthopaedic Department of Orthopaedic Surgery at Oxford. It was born of a long-standing but informal liaison between the academic life.

Letters to the Editor

What managers are paid

From Mr. R. Griffiths
Sir—Your report (July 6) that the Edmund-Davies report is believed to recommend that a police constable with 15 years' experience should have his salary raised to £3,700 p.a.
In the Jobs Column (same issue) there is a report on managerial salaries. The report shows, inter alia, the median salaries of managers aged 33-37 in 35 different categories. In only four of these categories is the median salary as much as £5,700 p.a. (1) one makes allowance for the value of an index-linked pension as compared with the pension of the average manager's pension, the constable with 15 years' experience stands to be better off than the median manager in every category save that of general manager.

A constable with 15 years' experience is a man who, for whatever reason, has failed to gain any promotion in his job. Can the country afford to rate its managers so low?
R. M. H. Griffiths,
101, Devon House,
Exchange Flags,
Liverpool.

Registration of engineers

From the President,
The Institution of Nuclear Engineers
Sir—Most of the professional engineering institutions have indicated, in their submissions to the Financion Committee, that they favour the statutory registration of engineers. They disagree as to whether this registration should be with a separate body or with the Council of Engineering Institutions (CEI). In the meantime, as the controversy following the Windesore inquiry has demonstrated, the general public has a real need for expert advice on issues of advanced technology that is not limited by any suspicion of self-interest. This public need has a bearing on the question of the regulation of the engineering profession; it would be best served by registration through the CEI.

The registering authorities for law and for medicine have not convinced the public that standards based on relationships with individual clients are always in the best interest of the community as a whole. I trust therefore that the Financion Committee will not recommend a regulatory system which simply imitates the professions. Nor do I think that a regulatory body appointed by the Government or by industry would inspire public confidence; an engineer whose livelihood depended on such registration would not be trusted to express independent opinions on matters of national or commercial policy.

The engineering institutions, however, and through them the CEI, owe allegiance to no one other than to the professions that they represent. Registration by the CEI would be restricted only to those engineers judged competent by their fellow-professionals. High standards would be guaranteed by the existing links between institutions and the universities, in their long tradition of academic freedom; they are the ideal organisations for ensuring that the nation's corpus of technical knowledge includes unimpaired consideration of society's real needs.

I write as the current president of the Institution of Nuclear Engineers and as a member of the University of London. Although these opinions are, of course, entirely my own, they reflect my personal experience of the capabilities of both organisations.
J. Lewins,
1, Pennerley Road, SES.

Minister for waterways

From the Director General,
The Chartered Institute of Transport
Sir—Mr. P. B. Scott (July 9) comments on certain matters concerning the British Waterways Board and our inland waterways.

Sir Frank Price, chairman of the Board, has mounted a spirited defence of the part which, in his view, an integrated inland waterways system could and should play in an integrated transport system for the country. His beliefs in this respect are strongly and sincerely held and I wonder what else we would expect of him in the position to which he has been appointed.

Of approximately 2,000 miles of inland waterways some 350 miles only are at present used for freight and the remainder for leisure purposes. Use for leisure is highly commendable and brings much pleasure and benefit to many—and such use should continue. Presumably this is why the Minister for Sport—Mr. Denis Howell—has Ministerial responsibility.

The Minister is reported to have drawn attention to the "dramatic drop in freight tonnage on the canals and the increasing share of the Board's income which comes from Government subsidy." With respect, Sir, I submit that this backs the question of whether the Government can and should play an increasing, useful part in both economic and environmental acceptable terms, in the carriage of freight, or it does not. If the former is the case (which I hope is so) then vigorous and early action to stimulate and increase such traffic should be taken.

In this case I would argue strongly that inland waterways, as a mode of transport, should without delay be made part of the remit of the Secretary of State for Transport.

(Brigadier) D. N. Locke,
80 Portland Place, W1.

OTC share trading

From Mr. C. Moy
Sir—Your survey of medium and long term finance (July 7) was notable in its total lack of discussion on OTC (over-the-counter) market opportunities, counter market opportunities, despite a number of articles you have published recently drawing your readers' attention to the subject.

Among the many reasons for Stock Exchange issues being at low levels, as discussed by two of your writers, growing over-the-counter alternatives. Some 10 of the 26 countries, offering an ordinary stock to the public in initial offerings over the past

three and a-half years have chosen the OTC route. The evidence of the "equity gap" for smaller and medium sized companies in the UK has been recognised for over 40 years and the creation of various institutions, not least of which being the National Enterprise Board, has still not fully filled this gap, so successfully entered in the U.S. by the OTC market.

OTC markets in the U.S. have traditionally been the main source of equity capital for smaller companies and U.S. industry as a whole. The OTC market in the U.S. is a proven success as a half way house between private and broad public listing. Industry and companies would benefit in Britain from the greater freedom of choice which now exists in the U.S. as well as the more specific advantages of OTC for some companies in comparison with listing. The OTC market has operated successfully in the U.S. under the National Association of Security Dealers and independently of the Stock Exchange. Independence has been and will be equally important in Britain.

We look forward to the final recommendations of the Wilson Committee on this subject and welcome the conclusions of your sister journal The Economist (August 6, 1977) that "those keen to nourish British small business once again, would do no harm to examine the American over-the-counter system."
C. H. Nicholas Moy,
M. J. R. Nightingale & Co.,
62-63 Vinland Road, EC2.

In favour of Cypriots

From Mr. Cyril Townsend, MP.
Sir—You recently described (July 3) Friends of Cyprus as an organisation supporting the Greek Cypriots. We are not pro-Greek Cypriot; we are pro-Turkish-Cypriot. We are pro-Cypriot.

I for one accept that prior to their invasion of northern Cyprus the Turks had exercised patience and restraint in the face of provocation. Their continued occupation of 40 per cent of the island by force of arms, however, must be unacceptable, particularly to Britain which is, after all, one of the original guarantor powers.

Cyril D. Townsend,
House of Commons,
SW1.

Tory policy studies

From the National Chairman,
Tory Reform Group
Sir—I was interested to read Malcolm Rutherford's article about the Tory Reform Group (June 30), especially as he accurately captured the interest of the group in considering policies from a strategic rather than a tactical viewpoint.

Our belief is that if the Conservative Party concentrates all its resources on tactical or short-term matters, then it could lose the long-term battle. This has nothing to do with the present Leader of the Party but is the understandable practice traditionally followed by the party when seeking to win a General Election. The Labour Party, TUC and others have their "blueprints" and if the Conservative Party does not focus some attention on

the longer term, then it runs the risk of being able only to respond to the debate being dictated by others. That is why the Tory Reform Group is examining some of the strategic and structural problems the UK will face in the future, such as the country's industrial structure, its constitutional make-up and the development of our Community in Europe. And it is why we are attracting a growing number of members from the universities, politics, business and other sectors keen on producing ideas that will assist the Conservative Party to dictate the debate about the future of the UK.

This rule, however, does not conflict in any way with our desire to see a Conservative Government, led by Mrs. Thatcher, returned to office at the next General Election and that is what our members will be seeking to achieve in their local associations.

Gerry Wade,
9, Poland Street, W1.

Practical education

From Mr. R. Saint
Sir—I think the view expressed by Mr. J. R. Walker (July 9) is generally recognised. What is not so commonly appreciated is the self-perpetuating aspect of further education, for example, a degree in history just to teach history would seem to be unhelpful for political motives.

With the poor employment prospects experienced over recent years, let's face it many would prefer five years' economics at a leisurely pace to even longer drole queues.

In order to prevent further wastage of our educational resources it is essential that far greater emphasis should be placed upon education in polytechnics rather than universities, that is, the practical rather than purely academic.

R. C. Saint,
51, Sandhurst Road,
Orpington, Kent.

Candidates for the top

From Mr. J. Bath
Sir—A reading of Mr. Walker's letter (July 5) concerning the relative merits of graduates and school leavers for industrial and commercial careers, part of me was prompted to wonder what motivated Mr. Walker to write in such a vein. I imagine one must assume that his sixth form teacher is one of those who are "impatient to get started on their careers and begin earning money for their own."

Of course this is an attitude which one can only applaud. Mr. Walker's enthusiasm for the potential of a well motivated school leaver, which I wholeheartedly share, cannot be the basis for saying that those who opt for further education at university are any the less motivated towards a career in industry or commerce. On the contrary, it could be argued that it requires far more discipline to trade immediate financial self-being for three years' hard work with minimal resources.

I have worked in industry since I graduated in 1973 and have participated to a greater or lesser extent in one of those who are "impatient to get started on their careers and begin earning money for their own."

after A levels. There are many others, however, who have taken full advantage of their spell at university not only to mature as individuals but also to consolidate their thinking about how they are to spend the rest of their working lives. In addition of course they have qualifications. It is especially remarkable that for many graduates the fact that they will shortly be "earning money of their own" is of diminished importance. Of course they appreciate that they must earn money to live, but far more important than actual salary level are considerations such as job satisfaction, intellectual challenge, and social responsibility.

There is undoubtedly room for improvement in the relationship that exists between industry and the universities, since many undergraduates in their final year still have little idea of what they can expect from an industrial career. School leavers too are often equally badly informed. The blame for this lies as much with industry itself as with the career advisers in our schools and universities. Recent years, however, have seen fine examples of an increased awareness in both the educational and industrial sectors of the community.

It is wrong to say that those who have sought further education are less well suited than school leavers to an industrial career. It is equally wrong to say that only graduates should be filling the top management jobs. In our company, as in a host of others, progress is strictly on year and merit. The opportunity for self-advancement is exactly the same for the bright and well motivated school leaver as it is for the bright and well motivated graduate.

John R. Bath,
1 Rutley Court,
157 Widmore Road,
Bromley, Kent.

China's foreign bonds

From Commander R. D. Ross, RN
Sir—In his letter of July 5, Mr. Alan R. Morris drew attention to China's default on her foreign bonds. The amount in question has been calculated at £1m.

China's present desire to obtain overseas currency makes this an opportune time for bondholders to pursue their right to repayment. Mr. Morris and others concerned should press the Council of the Corporation of Foreign Bondholders for an account of what action it is taking in this matter. Constituted by Act of Parliament, the council is charged with the task of protecting the interest of foreign bondholders. Its recent annual reports have been replete about the steps, if any, which it is taking.

As an aside, Mr. Morris might like to know that—even at worst—£1m will not be lost. There is widening interest in the collection of these old bonds which have value in their own right as collectors' items. This interest must in part at least be responsible for the increase—of example—in Chinese 5 per cent Government Gold Loan 1912 from £81 to £123 since January of this year. A few specially rare issues, such as the Chinese Government Gold Loan 1908 (£20 issue drawn on the Hong Kong and Shanghai Bank) and 5 per cent Hukwang 1911 Loan (£20 issue drawn by J. P. Morgan), are now quoted in dealers' catalogues at values in excess of the issue price.

R. D. Ross,
Heathcote, Blackhall Lane,
Sevenoaks, Kent.

Today's Events

presented to TUC Steel Industries Committee.
Trial due to begin at Old Bailey of Mr. Graham Barton, a former British Leyland employee, in a "sue-and-sue" case.
Financial Times/City University two-week course on Financial Management for the Non-Financial Executive opens at City University, St. John Street, E.C.1. London Chamber of Commerce half-day business forum on Advertising Strategy in the Middle East, 69, Cannon Street, E.C.4, 10 a.m.
Proposals for future of Glenarnock steelworks, Strathclyde.
Member's motion on future aerospace production policy. Debate on EEC preliminary draft budget.
House of Lords: Third reading of Inner Urban Areas Bill, Local Government Bill, Rating (Disabling Persons) Bill, and Consumer Society Bill. Debate on EEC shipbuilding industry.
OFFICIAL STATISTICS
Appropriation account of industrial and commercial companies (first quarter).
COMPANY RESULTS
Final dividends: Crown House; Danes Investment; May and Howell; Henry Wigfall. Interim dividend: Wearra Group.
COMPANY MEETINGS
See Week's Financial Diary on page 32.

A FINANCIAL TIMES SURVEY AGRICULTURE

Now to be published on Monday, August 21 1978

The Financial Times proposes to publish a survey on Agriculture which will now be published on Monday, August 21 1978. The provisional editorial synopsis is set out below.

STATE OF THE INDUSTRY With the second of the EEC Commission's "austerity" price reviews recently approved by the Council of Ministers, farmers are now beginning to feel the effects of the "squeeze" between rising costs and relatively static prices.

THE PRICE OF FARM LAND Now 50% higher than a year ago, it has risen 15% since the start of the year while the amount coming on to the market has fallen 25% below normal levels.

FUTURE MARKETS Given that the cyclical crises which regularly strike the British pig industry are apparently unaffected by all other palliatives, could a futures market help here?

GRAINS An examination of the "formulae" used increasingly in Europe to push cereal yields up to the maximum. Farmers in Britain are beginning to show an interest, prompted by commercial companies.

MATERIALS HANDLING The special problems of moving, stacking, storing, pumping and preserving farm produce and stock with an especially close look at innovations.

MUCK The storage, handling, processing and environmental problems of muck. Efficient from intensive livestock units, piggeries, for example, is highly polluting, a danger to health, a nuisance and costly to process.

HORTICULTURE An examination of how the glasshouse industry has ridden out the energy crisis and the problems caused by EEC insistence that national fuel subsidies should be scrapped.

THE PIG INDUSTRY Although the worst of last year's crisis appears to be over, UK pig farmers are being unusually slow in regaining their confidence.

DAIRY FARMING The branch of the industry regarded by many as the one offering the best long-term prospects outside the regions best suited to arable crops.

CONSUMPTION The consumption of most supposedly "staple" foods is falling steadily, the decline accelerating in some sectors. Home production is increasing, while Common Market exporters are also increasing their sales here.

FARMING'S POLITICS At one stage last year Sir Henry Plumb and Mr. John Silkin spoke to one another at formal meetings through intermediaries. The Minister on one celebrated occasion accused the NFU of being "unpatriotic." The Union, on the other hand, has been attempting to brighten up its public relations, taking on new senior staff over the past year or so.

FISH FARMING A growing fringe industry which has now expanded well beyond the original idea of growing trout in ponds.

FARMING AND LEISURE The place and value of leisure pursuits in the countryside. A survey of angling and the increasing value of river fishing rights, shooting and overall developments in rural activities in their widest sense.

For further details on advertising rates in this Survey please contact: Nicholas Whitehead
Financial Times, Bracken House
10 Cannon Street, London EC4A 4BT
Tel: 01-248 8000 Ext. 7112

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in Luxembourg.

June 28, 1978

HOME NEWS

'Coercive' ACAS tactics attacked

LEADERS OF professional and managerial unions representing 500,000 people yesterday accused the Arbitration, Conciliation and Advisory Service of "steamrollering" managerial and professional people into industrial unions against their wishes.

They said that ACAS would have to decide in the next few days whether to take a professional union to the Court of Appeal over a recognition dispute, but to do this would be contrary to original conciliation aims of the service.

Mr. John Havard, secretary of the Managerial, Professional and Staff Unions Group said: "We welcome the High Court judgment of Mr. Justice May on June 30 in favour of the UK Association of Professional Engineers."

The judge ruled that the report of ACAS, which failed to recommend recognition of the professional engineers' association at the engineering works of W. H. Allen at Bedford, was null and void because ACAS had "misdirected itself in law" by giving priority to the preservation of the Confederation of Shipbuilding and Engineering Unions' monopoly in the engineering industry over their duty to encourage the extension of collective representation.

New loan highlights Nigeria's problems

BY MARY CAMPBELL

FRIDAY'S announcement that Nigeria is to raise its second \$1bn loan this year comes at a time when the country's balance of payments has taken a marked turn for the worse.

Although no detailed payments figures for recent months have yet been published, the latest figures for the Central Bank's reserve holdings together with other information suggest that Nigeria's external finances have recently been under considerable strain.

The latest figures to be published by the IMF show that total reserve holdings fell from \$3.8bn in April to \$2.8bn in May, and that the foreign exchange component fell by \$1.2bn between the two months.

It is thought that reserves, which stood as high as \$3bn-\$3.5bn in 1975-76, were buoyed earlier this year by drawings on the first \$1bn loan.

It is clear from reports by international bankers that Nigeria was a heavy seller on the international securities market in the spring.

Some of the sales, it is

possible, represented a switch from long-term to short-term investments. But bankers also say that some of it at least was due to need for foreign exchange.

Part of the explanation for Nigeria's problem lies in falls in exports. The export price index of crude oil published by the IMF fell from 123 last December to 119 in April and May 1978 equals 100.

The value of exports of crude oil seems to have risen somewhat from a low point of \$378.5m in February to \$428.2m in April, up from \$1 in February, but down from 106 in December. Bankers also say that Nigeria's imports have jumped dramatically in recent months.

Timetable

The timetable for the loan, for which a mandate was awarded to six banks on Friday, suggests that Nigeria should be able to draw the money late next autumn.

The six lead managers have underwritten just over \$500m of the \$1bn total between them and it will take them several weeks to get together the full package of men/underwriting groups and to prepare the placing memorandum and draft loan agreement.

The loan is expected to be

thrown open to participations from banks in general in mid-to-late August with signing provisionally scheduled for the second half of September.

Except in the matter of security, the new loan offers banks more generous terms than the last one.

The margin to be paid over inter bank rate — 1 per cent for the first four years and 1½ for the last four — is higher than the 1 per cent for the full seven years on the last loan.

It is also understood that the front end fees will be more attractive.

In spite of the fact that the last loan was Nigeria's first Eurobond, borrowing, and Nigeria is far from over-borrowed, it was generally felt at the time that the terms of the last loan were too tight for this borrower.

Nonetheless, the increase in margins after a period when margins generally have been falling led some bankers to argue on Friday night that this loan may be a turning point for the syndicated lending market.

It is worth noting that several of the other smaller loans recently awarded also involve some special circumstances — have marked increases in margins, or have been one recent notable example of a further narrowing of margins.

He is the author of a well-known book on the subject.

Of the six lead managers mandated to organise the new loan, it is understood that the British Government, Dresdner and NatWest have agreed to underwrite more than the others.

Each bank has been awarded its own role in arranging the loan. Dresdner will handle arrangements for the signing, NatWest will be agent, Chase Manhattan Ltd will be in charge of the loan agreement and Citicorp International of preparing the placing memorandum.

First Chicago Ltd will run the book and Midland will be in charge of publicity arrangements.

State Department man to give U.S. view on Windscale

BY DAVID FISHLOCK, SCIENCE EDITOR

U.S. GOVERNMENT reaction to which represent half the Western world's known uranium reserves, have been inhibited from joining an organisation which represents all other leading uranium supplier and user interests outside the Eastern bloc because of a threat of anti-trust action by the U.S. Department of Justice.

But Florida Power and Light, an electricity supply company with three nuclear stations, and a fourth under construction, brings to 12 the number of nations represented in the institute.

The considerable interest of U.S. nuclear organisations in the activities of the Uranium Institute is shown by reports that U.S. electrical utilities will set up jointly a temporary headquarters close to the conference to monitor the proceedings this week.

Anti-trust regulations have been a major preoccupation of the institute since it was formed two years ago. Earlier this year it had three committees to investigate main areas of interest.

The first, under the chairmanship of M. Jean Feron, director of production and transmission with Electricité de France, is investigating uranium supply and demand, taking account of factors not included in present estimates based on government forecasts.

Its estimates will probably be published, though not before the spring.

The second committee, under the chairmanship of Mr. Anthony Grey, chairman of Pancontinental Mining, will investigate international trade in uranium with the intention of providing governments with advice on how the industry believes its trading should be regulated to control proliferation. Its conclusions will probably not be made public.

The third committee, under the chairmanship of Mr. Noel O'Brien, vice-president for minerals and marketing with Denison Mines of Canada, will undertake a broad study of nuclear power and the environment.

U.S. companies, particularly the U.S. uranium suppliers,

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U.S. companies, particularly the U.S. uranium suppliers,

**If you think you know
all you need to know*
about the business you're in,
you can forget about this ad.**

The commercial standing of your customers and suppliers	YES/NO
How and what your competitors are doing and planning	YES/NO
How your performance compares with the competition	YES/NO
All your options for investment planning or management	YES/NO
Your opportunities for growth by acquisition or merger	YES/NO
The new markets you could be in, here or abroad	YES/NO

*Just some of the things you have to know

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Chrysler expected to launch light truck next year

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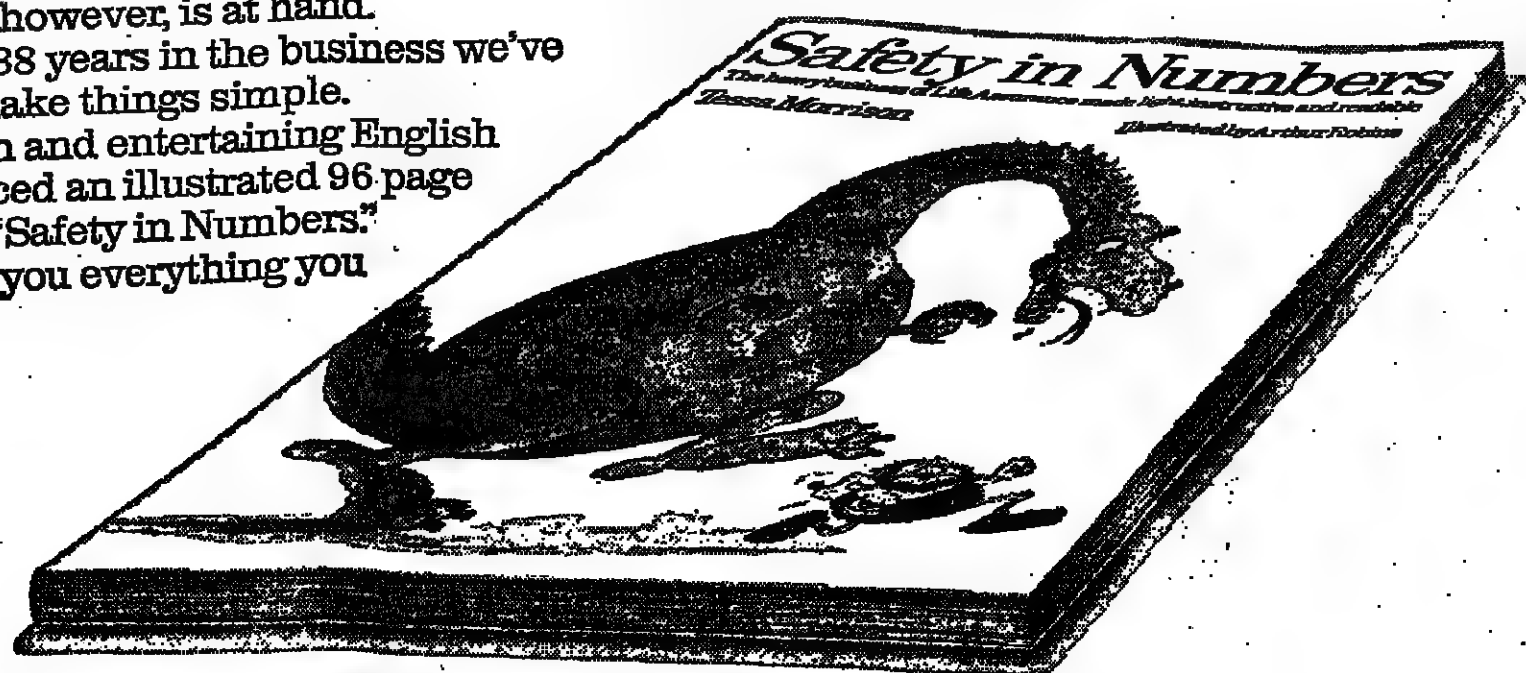
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OVERSEAS MARKETS

EUROBONDS

More questions than answers

BY MARY CAMPBELL

AS DEALERS awaited the outcome of the Bremen EEC meeting and the performance of the international bond market seems to be even closer than ever in some kind of crossroads. But as yet, there are many more questions than answers, and views on prospects for any individual sector of the market—as for the market as a whole—have seldom been more divided.

Briefly, last week's markets saw a rally in straight dollar bonds, sparked off by the backsliding in dollar interest rates. At the same time, demand for dollar floating rate notes (FRNs) remain high. One dealer said on Friday evening that there was no sign of an end to the chronic shortage of FRNs, despite the heavy new issue calendar, though others questioned how long the boom could last.

Meanwhile, there was no sign of a significant pick-up in demand for traditional strong currency bonds. Foreign demand for Swiss franc bonds was heavy enough easily to absorb a rare example of an issue which could be fully sold to foreigners. This was the World Bank's \$100m 4½ per cent placement which was exempted from current restrictions because the borrower is a development bank. Foreign demand for the current \$100m 4½ per cent issue, also exempted, is expected to be heavy too. But these issues represent food for a starving man.

The D-mark sector was hardly sparkling, with the striking after-market performance by Roby (UK) regarded as being out of line with the market generally.

For the purposes of the major discussion at the end of last week, these traditional strong currency sectors were by-standers. Talk centred on the inter-linked future for dollar straight and floating rate bonds, and on Japanese related issues, as discussed in Lex (back page).

Comments by non-Japanese dealers suggest that the glass has definitely turned on yen foreign bonds, despite indications of further falls in domestic yen interest rates. The press quoted by Nomura Securities in its latest weekly newsletter (prices on which Nomura was apparently prepared to trade) indicate only small falls and no widening of spreads between bid and offer prices. However, dealers generally say that there is considerable difficulty trying to sell yen bonds.

Developments in the FRN secondary market last week hardly indicated saturation. On the first question, few in

Lower quality new issues sank to quite big discounts. But as they always have.

The less than sparkling performance from the Credit National issue—and it did not perform too badly—was attributed to the tighter than usual terms. Other issues, offering the traditional quarter point over LIBOR, were in heavy demand, and two which have not yet started trading, were increased in size on Friday.

Madland's from \$100m to \$125m and Indo-Suez from \$30m to \$40m. The simultaneous launching by Citicorp and Chase of FRNs were Thursday night sparked off widespread discussion. The issues raised three major questions for FRNs: first, whether they are the last of many U.S. Bank FRNs issues; secondly, and if so, whether U.S. Banks will continue to follow the Citicorp route of an issue on the domestic market which, partly for yield considerations and partly for withholding tax considerations, would not be attractive for non-U.S. investors; and finally, whether they mark the peak of the FRN's success.

On the first question, few in

London or the U.S. yesterday doubted that the other U.S. Banks would be tapping these markets. First Boston which is managing Citicorp's U.S. issue, said on Friday that it had already had conversations with several other financial institutions, though it did not know of any imminent issues.

Strictly speaking, these two are not the first of their kind—American Express has already preceded Chase as the first U.S. bank to issue Euro-dollar FRNs, while a number were issued on the U.S. market in 1974. With one exception, however, the latter all contained put options allowing investors to get their bonds redeemed at six monthly intervals. The big difference for Citicorp between its new issue and the one it made in 1974 is that in the current case it is getting an average of 13.6-year money (20-year final maturity) while in the previous case it was getting money which is considered as having at six months maturity.

Comparisons between the Chase and Citicorp alternatives are tricky and probably impossible. The Chase issue is part of a move to diversify sources of capital which will also include a D-mark and Swiss Franc issue soon. The lower than usual premium rates explained on the grounds that unlike other U.S. issuers of FRNs, Chase is dollar banker. One banker involved in the issue claimed that for this reason Chase would have offered

tighter terms than other borrowers, whatever the timing of the issue.

Apart from this, however, the Chase issue is a standard Euro-dollar FRN. Citicorp, by contrast, is aiming at long-term investors inside the U.S. and its issue is much closer to a fixed rate bond. The terms Citicorp will offer for the first ten years of the final 20 year maturity are not yet fixed—indications are the least generous possibility. However, should U.S. Treasury Bill rates never fall to the level of the minimum rate set, then the Citicorp issue will be less generous than the Chase issue.

This is despite the fact that the terms of the Citicorp issue are in fact less tight than a first glance suggests: the margin of at least 1 per cent will be fixed over the interest yield equivalent of three months Treasury Bills which is currently some 30 basis points above the apparent interest rate at discount. This is the same as the 1974 issue except that then it was the three-month T-Bill rate which was used.

By offering a higher minimum than Chase's of 5 to 7 per cent, Citicorp hopes to attract institutional investors who want to include some kind of hedge against rising rates in their portfolios without sacrificing too much if inflation rises and rates fall back.

BONDTRADE INDEX AND YIELD

	July 7	July 8	July 9	July 10	High	Low
Medium term	92.40	92.40	92.40	92.40	92.40	92.40
Long term	92.40	92.40	92.40	92.40	92.40	92.40

Indices

NEW YORK—DOW JONES

	July 7	July 8	July 9	July 10	High	Low
Industrial	101.46	101.46	101.46	101.46	101.46	101.46
Transport	101.46	101.46	101.46	101.46	101.46	101.46
Utilities	101.46	101.46	101.46	101.46	101.46	101.46

STANDARD AND POORS

	July 7	July 8	July 9	July 10	High	Low
Industrial	101.46	101.46	101.46	101.46	101.46	101.46
Transport	101.46	101.46	101.46	101.46	101.46	101.46
Utilities	101.46	101.46	101.46	101.46	101.46	101.46

NEW YORK

	July 7	July 8	July 9	July 10	High	Low
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46

MONTREAL

	July 7	July 8	July 9	July 10	High	Low
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46

TORONTO

	July 7	July 8	July 9	July 10	High	Low
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46

JOHANNESBURG

	July 7	July 8	July 9	July 10	High	Low
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46

N.Y.S.A. ALL COMMON

	July 7	July 8	July 9	July 10	High	Low
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46
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MONTREAL

	July 7	July 8	July 9	July 10	High	Low
101.46	101.46	101.46	101.46	101.46	101.46	101.46
101.46	101.46	101.46	101.46	101.46	101.46	101.46
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TORONTO

	July 7	July 8	July 9	July 10	High	Low
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JOHANNESBURG

	July 7	July 8	July 9	July 10	High	Low
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N.Y.S.A. ALL COMMON

	July 7	July 8	July 9	July 10	High	Low
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MONTREAL

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TORONTO

	July 7	July 8	July 9	July 10	High	Low
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JOHANNESBURG

	July 7	July 8	July 9	July 10	High	Low
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N.Y.S.A. ALL COMMON

	July 7	July 8	July 9	July 10	High	Low
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MONTREAL

	July 7	July 8	July 9	July 10	High	Low
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TORONTO

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JOHANNESBURG

	July 7	July 8	July 9	July 10	High	Low
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N.Y.S.A. ALL COMMON

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MONTREAL

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TORONTO

	July 7	July 8	July 9	July 10	High	Low
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JOHANNESBURG

	July 7	July 8	July 9	July 10	High	Low
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N.Y.S.A. ALL COMMON

	July 7	July 8	July 9	July 10	High	Low
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MONTREAL

	July 7	July 8	July 9	July 10	High	Low
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TORONTO

	July 7	July 8	July 9	July 10	High	Low
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JOHANNESBURG

	July 7	July 8	July 9	July 10	High	Low
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101.46	101.46	101.46	101.46	101.46	101.46	101.46

N.Y.S.A. ALL COMMON

74	-0.01	Heater 46	745	1	0
76		Albuquerque 46	372.0	2	0
78		Alt Lague	811	1	0
79	-0.15	Albuquerque	84	1	1
80	-0.02	Alt	800	1	1
1.9		Albuquerque	899	2	1
2.0		Alt, N. C. City	546		
6.3		Albuquerque	1,800	2	0
6.4		Alt, N. C.	452		
6.5		Alt, N. C. Rate	452		
6.6		Albuquerque	384.0	1	1
6.7		Alt, Albuquerque	415.1	1	1
6.8	-0.01	Albuquerque	127	1	2
6.9	-0.1	Albuquerque	758	3	3
7.0	-0.1	Alt, Albuquerque	158	3	3

OFFSHORE AND OVERSEAS FUNDS

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INDUSTRIALS—Continued

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